

United Nations Framework Convention on Climate Change COP-16 and CMP-6

Cancún, Mexico
29 November to 10 December 2010



Institut de l'énergie et de l'environnement
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United Nations Framework Convention on Climate Change COP-16 et CMP-6

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Foreword

As we set off for Cancún in Mexico, venue for the 16th Conference of the Parties to the UNFCCC and 6th Meeting of the Parties to the Kyoto Protocol, the *Franophonie* will, as has become customary, make its contribution to helping and supporting the negotiators through the guide now in your possession.

The outcome of the Copenhagen Conference was ambivalent, in line with expectations. Nevertheless, it:

- reaffirmed the political willingness of all countries to address climate change under the principle of common but differentiated responsibilities and respective capabilities;
- highlighted the need to encourage preparing and executing projects on adaptation/mitigation, technology transfer and emission reductions by addressing deforestation and degradation of forests;
- made available new and additional financing to implement projects from vulnerable developing/least developed countries for fast-start actions.

The international community currently recognizes these decision elements as key in incorporating climate change into sustainable development policies. They should trigger action, a fundamental move today in terms of impact sought and the joint objective of sustainable development and fewer greenhouse gas emissions.

As you will find, the outcome of these climate negotiations will still depend on economic, political and geostrategic interests being discussed by the Annex I Parties, which are still expected in the greenhouse gas reduction rates. Time is of the essence in protecting OUR PLANET, achieved by boosting the introduction and execution of low-carbon sectoral policies and green economy action programmes in the non-Annex I countries, to ensure the sustainability of their respective development.

The time has come for concrete action alongside negotiations. The country Parties agree globally to give themselves the technical and financial resources to move in this direction. The Cancún Conference will undoubtedly mark a decisive step in moving into action and the negotiations will continue...

Fatimata DIA Touré
Director, IEPF

Table summarizing the main questions which will be examined during the Cancún Conference

Section	Main questions for consideration	Session agenda items					
		COP	CMP	SBSTA	SBI	AWG-KP	AWG-LCA
3	QUESTIONS ON THE POST-2012 REGIME						
3.1	AWG-LCA work programme¹						
	Shared vision for long-term cooperative action.						3
	Enhanced action for adaptation.						3
	Enhanced action for mitigation.						3
	Enhanced action in financing and investment.						3
	Enhanced action on technology development and transfer.						3
	Capacity-building.						3
3.2	AWG-KP work programme						
	The GHG emission reductions to be achieved by Annex I Parties, individually, jointly and in aggregate.					3	
	Potential improvements to emissions trading and the project-based mechanisms.					4	
	The definitions, modalities, rules and guidelines for dealing with Land Use, Land Use changes and Forestry (LULUCF) in the second commitment period.					4	
	The scope of the list of GHGs, sectors and source categories and the common metrics to calculate the CO ₂ equivalence of anthropogenic emissions by sources and removals by sinks.					4	
	Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties.					4	
	Legal issues over the AWG-KP mandate.						

1. The annotated agendas for the ad hoc working groups had not been published when this guide was printed.

Section	Main questions for consideration	Session agenda items					
		COP	CMP	SBSTA	SBI	AWG-KP	AWG-LCA
4	QUESTIONS ON THE CURRENT REGIME						
4.1	Adaptation, response and mitigation actions						
	<p>The SBI is finalising a draft decision on implementing the Buenos Aires work programme on adaptation and response measures</p> <p>The SBSTA is considering the implementation of the second phase of the Nairobi work programme on impacts, vulnerability and adaptation to climate change, to report on its effectiveness and results to the COP-6.</p> <p>The SBI is reviewing a report by the Least Developed Countries Expert Group (LDCEG) on accessibility to financing intended to prepare, implement and revise national adaptation programmes of action and is considering the renewal of its mandate.</p> <p>The SBSTA and the SBI are continuing their discussions on a mechanism to minimise the negative effects of response measures.</p>	7ei		3		5d	
			10f	9	11		
4.2	The financing mechanism for developing countries						
	<p>The SBI is submitting a draft decision to the COP-16 on the fourth review of the Convention's financing mechanism.</p> <p>The SBI is studying the GEF annual report in order to submit a draft decision to the COP-16.</p> <p>The SBI is assessing the implementation of the Special Climate Change Fund</p> <p>The SBI recommends to that the CMP-6 delays the initial review of the Kyoto Protocol Adaptation Fund</p>	7ai			5a		
		7aai			5b		
		7aiii			5c		
			9				
4.3	Forest-related questions						
	The SBSTA is reviewing the impacts of the potential inclusion of lands with forests in exhaustion under afforestation and reforestation activities of the CDM		7c				

Section	Main questions for consideration	Session agenda items					
		COP	CMP	SBSTA	SBI	AWG-KP	AWG-LCA
4.4	Capacity-building						
	The SBI is discussing the second in-depth review of the implementation of the Framework for capacity building in developing countries, to recommend draft decisions to the COP and CMP.	7d	10d		9,10		
4.5	Technology development and transfer						
	The SBI and SBSTA are continuing to review the work of the EGTT. The SBSTA is considering the EGTT report on the options for facilitation collaboration in technology development and transfer. The SBI is studying the GEF stage report on the Poznań strategic technology transfer programme.			4 4	8 8		
4.6	National communications and national inventories						
	Issues relating to communications by non-Annex I Parties. Issues relating to communications and inventories of Annex I Parties. The SBI is formulating additional guidance for the GEF on the provision of financial resources to cover all costs incurred to prepare national communications of non-Annex I Parties. The SBSTA is continuing to revise the guidelines for annual inventories of Annex I Parties.	7bii 7bi	10b	6 4b	4 4d		
4.7	Procedures and mechanisms in relation to provisions						
	The SBSTA is continuing to consider mechanisms in relation to provisions				14		
4.8	Methodological questions arising from the Convention and the Protocol						
	The SBSTA is considering the eligibility of carbon capture and storage in geological formations as a CDM activity (Protocol). The SBSTA is considering using normalized reference levels under the CDM (Protocol).			7a 7b			

Section	Main questions for consideration	Session agenda items					
		COP	CMP	SBSTA	SBI	AWG-KP	AWG-LCA
	<p>The SBSTA is studying the common metrics used to calculate the CO2 equivalence of GHG (Protocol).</p> <p>The SBSTA is continuing its discussions on emissions attributable to fuel used in international air and maritime transport (Convention).</p>			<p>7d</p> <p>6a</p>			
4.8	Education, training, public involvement and international cooperation						
	The SBI is carrying out an interim review of the New Delhi work programme.				6		
4.9	Research and systematic observation						
	<p>The SBSTA is examining the updated execution plan of the Global Climate Observing System (GCOS) and the provisional information on the costs of emerging priorities linked to its work programme.</p> <p>The SBSTA is studying the GCOS work plan and the report on implementing the terrestrial joint framework mechanism.</p>			<p>5</p> <p>5</p>			

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HOW TO USE THIS GUIDE

First and foremost, the guide gives brief information on the general context of the Cancún Conference, including the key elements of the international context which may influence the negotiations (Section 1).

The guide then presents a brief history of negotiations from Rio to Cancún. It reviews the results of the Copenhagen Conference and related negotiation sessions (Section 2), thereby acting as a benchmark for putting the main negotiation issues of the COP-16 and the CMP-6 into context.

This is followed by detailed discussion on the COP-16 and CMP-6 issues. To assist the reader, the Table summarizing the main questions which will be examined during the Cancún Conference lists all the questions examined, with cross-references to the agendas of the various decision-making bodies, subsidiary bodies and working groups. This table can be found in the first pages of the guide. Section 3 deals with negotiation questions on the post-2012 period, whereas Section 4 covers the questions on the current implementation of the Convention and the Protocol. Finally, Section 5 puts forward the expectations of the Cancún Conference. The analysis of the post-2012 issues in this Guide has been drawn from a review of the negotiating texts issued for the Tianjin session by the two Ad hoc Working Groups.

Data sheets with miscellaneous information for potential use as a reading benchmark are located at the end of the guide. The sheets present among other things the institutional aspects of the negotiation process, the main negotiation coalitions and the conclusions of UNFCCC side discussion forums. The reader will find a table before Section 1 listing the various meetings since the adoption of the UNFCCC which are referred to in the guide, sometimes as acronyms. Lastly, terminology sheets, highlighting the French vocabulary specific to the negotiations on climate change and its English equivalent and the abbreviations and acronyms currently used under the negotiations, are also included at the end of the guide.

In terms of the references of UNFCCC documents, only the document listings are given to facilitate the reading. The documents referred to in this guide can be accessed very easily on the UNFCCC website using these listings². Sheet A of this guide explains in detail the various listings of UNFCCC documents.

2. See <<http://unfccc.int/documentation/items/2643.php>>.

History of Conferences and Meetings of the Parties and of Subsidiary Bodies and Working Groups of the Convention and the Kyoto Protocol

1995	Geneva	Meetings of Subsidiary Bodies (SB-1) <ul style="list-style-type: none">• Subsidiary Body for Implementation (SBI)• Subsidiary Body for Scientific and Technological Advice (SBSTA)
	Berlin	First Conference of the Parties to the United Nations Framework Convention on Climate Change (COP-1)
1996	Geneva	SB-2, SB-3 and SB-4 COP-2
1997	Bonn	SB-5, SB-6 and SB-7
	Kyoto	C/P-3
1998	Bonn	SB-8
	Buenos Aires	COP-4 SB-9
1999	Bonn	SB-10
	Bonn	COP-5 SB-11
2000	Bonn	SB-12
	Bonn et Lyon	SB-13
	La Haye	COP-6 SB-13 resumed
2001	Bonn	COP-6 resumed SB-14
	Marrakech	COP-7 SB-15
2002	Bonn	SB-16
	New Delhi	COP-8 SB-17
2003	Bonn	SB-18
	Milan	COP-9 SB-19
2004	Bonn	SB-20
	Buenos Aires	COP-10 SB-21
2005	Bonn	SB-22
	Montreal	COP-11 First Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/CMP-1) SB-23

2006	Bonn	First session of the Ad Hoc Working Group on the further commitments for Annex I Parties under the Kyoto Protocol (AWG-KP 1)
		SB-24
	Nairobi	COP-12
		COP/CMP- 2
		AWG-KP-2
2007		SB-25
	Bonn	AWG-KP-3
		SB-26
	Vienne	AWG-KP-4
	Bali	COP-13
		COP/CMP-3
		AWG-KP-4 resumed
2008		SB-27
	Bangkok	AWG-KP-5
		First session of the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA-1)
	Bonn	AWG-KP-5 resumed
		AWG-LCA-2
		SB-28
	Accra	AWG-KP-6
		AWG-LCA-3
	Poznań	COP-14
		COP/CMP-4
		AWG-KP-6 resumed
		AWG-LCA-4
		SB-29
2009	Bonn	AWG-KP-7
		AWG-LCA-5
	Bonn	AWG-KP-8
		AWG-LCA-6
		SB-30
	Bonn	Informal meeting of the AWG KP
		Informal meeting of the AWG LCA
	Bangkok	AWG-KP-9
		AWG-LCA-7
	Barcelona	AWG-KP-9 resumed
		AWG-LCA-7 resumed

	Copenhague	AWG-KP-10 AWG-LCA-8 SB-31
2010	Bonn	AWG-KP-11 AWAG-LCA-9
	Bonn	AWG-KP-12 AWG-LCA-10 SB-32
	Bonn	AWG-KP-13 AWG-LCA-11
	Tianjin	AWG-KP-14 AWG-LCA-12
	Cancún	AWG-KP-15 AWG-LCA-13 SB-33

1. INTRODUCTION

In recent years, several publications aiming to raise awareness on global climate change have confirmed that human activities dangerously alter the climate and have a negative impact on ecosystems and on Man^{3, 4}.

The likely rise in sea level of one metre⁵ would threaten sixty million people and assets worth over two hundred billion US dollars in developing countries⁶. All countries are impacted by climate change, but developing countries are liable for 75% to 80% of the cost of the damage it causes⁷. On the other hand, the development imperatives of developing countries imply improved access for their populations to energy-efficient infrastructures and more efficient transport networks and agriculture systems, capable of matching the growing demand and adapting to extreme climate events. For example, the electrification of households of 1.43 billion people currently without electricity in the developing countries by 2030⁸ will complicate further any reconciliation between development objectives and world efforts to mitigate GHG emissions.

These facts have persuaded the countries to continue with collective discussions on the climate change issues with a view to sealing an ambitious agreement for the post-2012 period. To meet the objective of the *United Nations Framework Convention on Climate Change* (UNFCCC) to stabilise greenhouse gas concentrations in the at-

-
3. Amongst these assertions, the Intergovernmental Panel on Climate Change (IPCC) confirmed that human activities modify the climate, which has a negative impact on ecosystems (GIEC, 2007a).
 4. According to Scenario A1FI of the IPCC, the Earth's temperatures are likely to increase by over 4°C during the 21st century compared with temperatures in the 1980-1999 period. This scenario describes a future world of very rapid economic growth, global population that peaks in mid-century and declines thereafter and the rapid introduction of new and more efficient technologies. This scenario stands out for its technological emphasis on the fossil fuel intensive energy system. See: IPCC, 2000 and IPCC, 2007b, p.52.
 5. Horton, R., *et al.*, 2008.
 6. Dasgupta, S., *et al.*, 2009.
 7. Hope, C., *et al.*, 2009 and Smith, J. B., *et al.*, 2009.
 8. Assessment for 2009: Organization for Economic Development and Cooperation and International Energy Agency, 2010, Chapter 8, p.11 and according to the recommendation of the United Nations Consultative Committee on Climate Change and Energy.

mosphere "at a level that would prevent dangerous anthropogenic interference with the climate system", the Kyoto Protocol calls for quantified reductions in developed countries' GHG emissions for the 2008-2012 period. If this ultimate Convention objective is to be achieved in the long term, efforts to reduce emissions must continue beyond 2012, by agreeing on a post-2012 regime. As the Copenhagen Summit (2009) failed to conclude a legally-binding agreement, government representatives of more than two hundred countries will meet in Cancún, Mexico (29 November-10 December 2010), under the auspices of the UNFCCC, for the COP-16, to continue negotiations on a post-2012 regime, this time under the leadership of the new UNFCCC Executive Secretary, Mrs Christiana Figueres.

The world has moved on and international political reality has changed in the thirteen years since the adoption of the Kyoto Protocol. In 1997, developed countries were thought to be the largest emitters and therefore principally responsible for the problem of climate change. Accounting for more than 60% of carbon dioxide emissions in 1997⁹, they therefore had to be the first to act to reduce their emissions. In 2005, over half the global GHG emissions came from countries not members of the Organisation of Economic Cooperation and Development (OECD) and seven of the fifteen largest emitting countries were Parties not included in Annex I (considered to be developing countries)¹⁰. Several other changes have also taken place since the Protocol was adopted: Mexico, South Korea, Israel, Chile and Slovenia have joined OECD and China has recently taken on the status of world economic power and the largest GHG emitter in absolute terms¹¹. The fact that some developed countries which have ratified the Protocol are apparently finding it difficult to comply with their individual reduction targets by 2012 and that the United States has no obligation under the Kyoto Protocol¹² has undermined the trust of developing countries in the developed countries.

As such, the aim of the Copenhagen negotiations was an agreement marking a balance between the development imperatives and the need to curb the increase in temperatures. As no legally-binding agreement was forthcoming, the negotiations culminated in the Copenhagen Accord, a high-level declaration by a few States noted by the Conference of the Parties. The negotiation process leading to this political agreement also proved controversial in some instances, mainly due to the lack of transparency. Nevertheless, despite the disappointment of failing to reach agreement in Copenhagen on the magnitude of medium-term mitigation commitments by deve-

9. According to the data in the *Climate Analysis Indicators Tool* (CAIT) Version 7.0.

10. According to the CAIT, Version 7.0 data, non-OECD member countries emitted 57.4% of global GHG emissions in 2005.

11. According to the CAIT, Version 7.0 data

12. As it has not ratified the Kyoto Protocol, the United States is not subject to the binding GHG reduction obligations pursuant to the Protocol.

veloped countries, the Accord is noteworthy for the participation of two main GHG emitters in the fight against climate change - China and the United States. In addition, developing countries were asked for the first time to volunteer information on national mitigation actions and financing objectives were set for the developed countries. The Parties focused on both these elements in 2010 in an attempt to reinstate a degree of trust between the countries and thus be able to move forward in the international process to address climate change.

The priority in 2010 was therefore focused on reinstating trust by maintaining constructive debates within different forums and playing down expectations for Cancún. It has seemed increasingly unlikely that a detailed, legally-binding agreement would be achieved in Cancún as the 2010 sessions unfold. Numerous countries have therefore called for the adoption of an implementation framework which sets necessary milestones to reach this agreement later, at the earliest by the end of 2011. This was in fact recalled on several occasions during international summits (see Sheet 8) and most developing countries as well as some developed countries have recently taken a stance in favour of adopting in Cancún a decision stating the legal nature of the future agreement, to clarify for all the Parties whether or not they will work in 2011 towards adopting a legally-binding agreement.

The assurance of a legally-binding agreement for a post-2012 regime seems fundamental in ensuring in Cancún that the multilateral process continues. It remains to be seen whether this agreement will take the form of amendments to the Kyoto Protocol or a new framework agreement, or a combination of the two. Some developed countries wish to reach a new agreement separate from the Kyoto Protocol. This has made developing countries even more sceptical about the good faith of developed countries over their promises of emission mitigation commitments under the Kyoto Protocol. The European Union is particularly open to the idea of a second commitment period under the Kyoto Protocol, provided that the United States is obliged to reduce its emissions in similar fashion under another agreement. Other countries, such as Japan and the United States, reject categorically the idea of a second commitment period under the Kyoto Protocol. The developing countries consider that the Kyoto Protocol is the appropriate legal framework to ensure that quantified and binding commitments are made by the developed countries for the post-2012 period.

This deadlock therefore prompts questions on the structuring approach for the future regime: will it be the approach supported in the Copenhagen Accord with national voluntary action plans determining the global ambition of the international process? Or will the binding approach of the Kyoto Protocol be reinforced with the definition of a global objective divided between the countries, with compliance guaranteed by a control mechanism? Whichever approach is preferred, the question of compliance with measures undertaken and the binding nature of fixed objectives will be crucial. Although it now seems obvious that the Cancún negotiations will not

achieve the agreement expected in Copenhagen, the results of the Cancún negotiations will be decisive in ensuring the continuity of the multilateral climate change process towards a legally-binding agreement. The challenge will be to set the necessary milestones for continued negotiations without prejudging the final outcome. In Cancún, everything will hang therefore on a question of balance.

The aim of this guide is to help negotiators understand better the main issues which will be discussed at the Cancún Conference. The negotiations on the post-2012 period will predominate, but other topics on the current regime are also on the agenda, including the improved framework for technology development and transfer and adaptation. Although this guide is intended especially for negotiators from member countries of the International Organisation of la Francophonie (OIF), we hope that it will also be useful to delegates with a wide variety of outlooks¹³. This year's translation into English proves also the desire of the International Organisation of La Francophonie and its partners to enable the greatest number of delegations to benefit.

13. Please visit the UNFCCC website for further useful information:
<http://unfccc.int/2860.php>

2. BRIEF HISTORY OF NEGOTIATIONS ON CLIMATE CHANGE

Since the adoption in 1992 of the *United Nations Framework Convention on Climate Change* (UNFCCC) on the fringes of the Rio Declaration, the threat from global warming for human beings and ecosystems has gradually been included in the international agenda (see Sheet 1 and Sheet 2). In the belief that the commitments made in Rio under the UNFCCC to stabilize greenhouse gas (GHG) emissions by the year 2000 fell short of the mark, the *3rd Conference of the Parties to the UNFCCC* (COP-3) adopted the Kyoto Protocol in December 1997 (see Sheet 3). Under this Protocol, the Parties included in Annex I of the UNFCCC which have ratified the Protocol are obliged to reduce overall, by 2012, the emission level of six greenhouse gases (GHGs) by 5.2% compared with the 1990 level.

Having postponed the adoption of decisions on how to achieve this reduction after signing the Protocol, the Parties continued with negotiations after 1997 on its controversial items. The Marrakesh Accords adopted in 2001 subsequently clarified the various ways and means of making the Kyoto Protocol operational. However, the Protocol was only ratified in 2005 and its implementation was delayed in a few countries. Australia only ratified it in December 2007, for example. The United States, the world's second largest GHG emitter¹⁴, has not ratified the Protocol and is therefore not subject to any obligation to reduce GHG emissions under it. Furthermore, certain Annex I countries which have ratified the Protocol will find it difficult, if not impossible, to comply with their individual emission reduction targets by 2012¹⁵. The GHG emissions of non-Annex I Parties have been rising constantly since 1990 (GHG

14. According to the 2005 data in the *Climate Analysis Indicators Tool* (CAIT) Version 7.0.

15. As a rough guide, GHG emissions (excluding the Land Use, Land Use changes and Forestry - LULUCF - sector) between 1990 and 2005 increased by 13.6% in Japan, 27% in Canada and 38.7% in Australia. According to the databases of the *Climate Analysis Indicator Tool* of the *World Resources Institute* Version 7.0., Japan produced GHG emissions (excluding the LULUCF sector) of 1.193 megatonnes of carbon dioxide equivalent (MtCO₂e) in 1990 and 1.356 MtCO₂e in 2005; Canada produced 582 MtCO₂e in 1990 and 739.3 MtCO₂e in 2005; Australia produced 402 MtCO₂e in 1990 and 559 MtCO₂e in 2005.

emissions of these countries increased by 62.6% between 1990 and 2005¹⁶) and China is now the world's largest GHG emitter¹⁷. With this in mind, it is becoming essential to adopt a long-term agreement which effectively supports genuine national mitigation actions if global GHG emissions are to be reduced practically and quickly in the medium and long term and the irreversible disturbance of the climate system is to be avoided.

Having shown their willingness to continue addressing climate change after 2012, in 2005 the Parties embarked on a dialogue on long-term cooperation and a negotiation process on the future commitments of Annex I Parties, which are principally developed countries. A negotiation framework specific to the post-2012 issues was therefore formed alongside the existing framework (Section 2.1). For this purpose, the Bali Action Plan adopted at the COP-13 in 2007 was designed to boost the post-2012 initiatives to address climate change by producing a two-year road map, with the goal of agreeing a post-2012 climate regime in Copenhagen (Section 2.2). The Parties failed to reach a detailed agreement in Copenhagen, but they nevertheless agreed to advance the negotiations on a post-2012 regime by the COP-16 and *6th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol* (CMP-6) in Cancún.

The 2009 Copenhagen session marked a down time in the negotiations between Bali and Cancún. With the controversial Copenhagen Accord (see Box 2), the COM-15/CMP-5 helped lessen expectations for agreement on a post-2012 regime, which disrupted the pace of negotiations in 2010 to a certain extent (Section 2.3). Catching their breath after the intense session in Copenhagen and the preparatory meetings, the negotiators resumed a sustained negotiation pace in 2010 although the expectations for the COP-16 in Cancún were revised to become as realistic as possible.

2.1 Negotiations framework

After the adoption of the Kyoto Protocol, the technical discussions on climate change took place mainly under the auspices of two bodies, namely:

- the Subsidiary Body for Implementation (SBI), mandated to advise the COP and COP/CMP on improving the effective application of the Convention and the Kyoto Protocol; and

16. According to the databases of the Climate Analysis Indicator Tool of the World Resources Institute Version 7.0., the Parties not included in Annex I produced GHG emissions of 11,967 MtCO₂e in 1990 and 19,459 MtCO₂e in 2005.

17. According to the 2005 data in the Climate Analysis Indicators Tool (CAIT) Version 7.0.

- the Subsidiary Body for Scientific and Technological Advice (SBSTA) which advises the CMP on scientific and technical issues which are specific to or shared by them.

To date, these two bodies are responsible for examining questions on the current regime and the technical questions (see Section 4). At the same time, a new negotiation framework was made official in Montreal (COP-11), with the details hammered out subsequently in Bali (COP-13) to structure the negotiation of issues relating to the post-2012 regime (see Section 3).

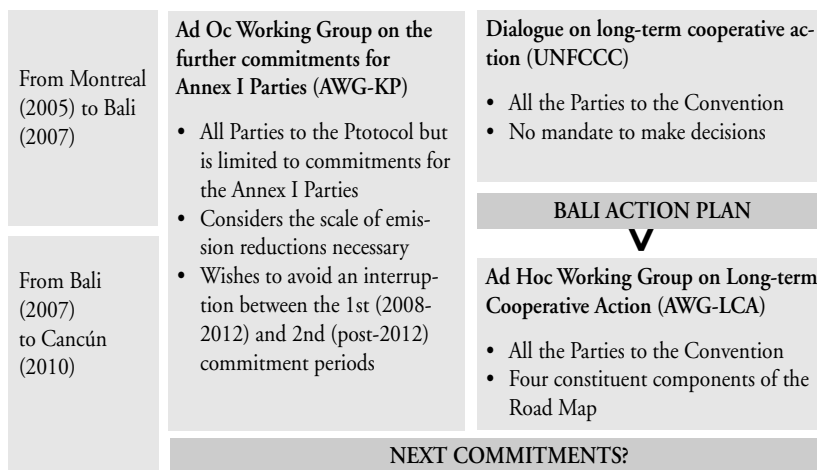
The Parties meeting at the COP-11/CMP-1 introduced two negotiation frameworks to supervise the post-2012 regime negotiation process (see Figure 1). The *Ad Hoc Working Group on the further commitments for Annex I Parties under the Kyoto Protocol* (AWG-KP)¹⁸, bringing the Parties to the Protocol together, was set up to facilitate the negotiations on the commitments of the Annex I Parties for the second commitment period starting after 2012. The Parties nevertheless acknowledged in Bali that new commitments by developed countries combined with other issues such as adaptation, technology transfer and capacity building had to be debated to achieve broad consensus on a post-2012 agreement.

A two-year process uniting all the Parties to the Convention, the *Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention*¹⁹ (Dialogue), was therefore set up in 2007 to make it easier to analyze cooperation approaches in respect of sustainable development, adaptation, technological potential and market opportunities. The Dialogue assembled the Parties to debate a post-2012 climate regime. During the Dialogue workshops in 2007, the Parties identified the mitigation of GHG emissions, adaptation to the impacts of climate change and the technological and financial issues as key components in a future negotiation mandate. The success of the UNFCCC Dialogue led to it being made official as an Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) in Bali (December 2007).

18. Under Article 3.9 of the Kyoto Protocol, following Decision 1/CMP.1, *Study under paragraph 9 of Article 3 of the Kyoto Protocol of commitments of Parties included in Annex I of the Convention for the following periods.*

19. IPCC, 2007a.

FIGURE 1.
STRUCTURE OF POST-2012 REGIME NEGOTIATION BODIES



There were several stages in the negotiations on a post-2012 regime, the most significant being the Bali Action Plan in 2007 (Section 2.2) and the Copenhagen Accord in 2009 (Section 2.3). Both are fundamental in comprehending the negotiation process from Bali until the present time.

2.2 Bali Action Plan

The Bali Conference delegates applied themselves to establishing a multilateral cooperation framework for the post-2012 period in an atmosphere of conciliation and awareness-raising that was widely publicised in the media. Their efforts produced an agreement on a two-year negotiation process - the Bali Action Plan (see Box 1). The aim of the Bali Action Plan was to give the negotiations a real chance to produce an effective agreement on a post-2012 climate regime by 2009. 2009 had been adopted as the date to avoid discontinuity between the first and second commitment periods.

A change in formulation was one of the most significant developments in Bali. For the first time, a language of "developed" and "developing" countries was replaced by a language of Parties "included in Annex I" and "not included in Annex I". This new order extended the perspective to new combinations and effort levels for the countries²⁰. Although several developing countries have refuted any idea of differen-

20. RicWatanabe *et al.*, 2008.

tiating between them, the developed countries hope that the negotiations on the post-2012 climate regime will consider different levels of economic development, emissions and mitigation potential in each developing country when determining efforts to be made by these countries. Another innovation of the Bali Action Plan was to link the mitigation efforts of developing countries to financial and technological support from developed countries. This link is at the heart of current negotiations and its outcome is frequently considered to be the key to success of negotiations on a post-2012 regime.

BOX 1.

BALI ACTION PLAN²¹

The *Bali Action Plan* is a set of decisions and processes emanating from the *Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention*, initiated during the Montreal Conference (2005). The action plan forms a coherent basis for negotiations with a view to adopting an agreement on the post-2012 regime.

The major findings based on the Bali Action Plan

The Bali Action Plan includes a reference to the recommendation by the IPCC Working Group III, whereby the Annex I Parties, as a group, must reduce their GHG emissions by 25% to 40% to below 1990 emission levels by 2020. The proposal to include these figures in the Action Plan was supported by the European Union and accepted by all countries which had ratified the Protocol, but rejected by the United States. Finally, the Parties agreed that there would simply be reference to a footnote on the significant pages in the IPCC report²².

Shared vision for long-term cooperative action

The Action Plan calls for the examination of the possibility of adopting a shared vision for long-term cooperative action. This will revolve around a long-term global objective of reducing GHG emissions to achieve the ultimate Convention objective. This objective should consider the principles of common but differentiated responsibilities and respective capabilities depending on the social and economic conditions and other factors specific to each country.

The four constituent components of the Bali Action Plan

Mitigation:

Mitigation was shown clearly as one of the most sensitive issues during the plenary closing session in Bali. The United States, Canada and other Parties favoured tough language on developing countries' actions and commitments, the Group of 77 and China (G-77/China) sought greater emphasis on a discourse dealing more with the commitments of Annex I Parties.

21. Decision 1/CP.13 and IISD (2007)..

22. *Ibid.*

Notwithstanding these different views, the Parties agreed to consider the following elements:

- "measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified GHG emission limitation and reduction objectives, by all developed country Parties, while ensuring the comparability of efforts among them, taking into account differences in their national circumstances; and
- nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner"²³.

Adaptation:

The decision was taken to examine international cooperation in supporting the urgent application of miscellaneous adaptation actions, given the immediate needs of developing countries particularly vulnerable to the adverse effects of climate change, mainly the Least Developed Countries (LDC), the Small Island Developing States (SIDS) and the African countries.

Technology development and transfer:

Effective mechanisms and significant resources to eliminate obstacles and provide financial incentives will be envisaged to promote access by developing country Parties to environmentally sound technologies at affordable cost. Technology development and transfer raise principally the question of financing; this is an issue in other forums such as the World Trade Organisation (WTO)²⁴. It is therefore expected that technology financing will be increased once a global agreement on the future commitments has been settled.

Financing:

The Bali Action Plan links the mitigation actions of developing countries to financial and technological support from developed countries. Such support is also necessary to help developing countries adapt to the adverse effects of climate change. It is therefore essential for any agreement on a post-2012 regime to include a financial framework to support developing countries in their mitigation and adaptation efforts.

Discussions on financing mainly cover the type of commitment by developed countries, the extent of the financing, how the funds will be mobilised and granted and the governance structure of financing mechanisms.

23. *Ibid.*

24. *L'Accord de l'OMC sur les aspects des droits de propriété intellectuelle qui touchent au commerce* (ADPIC), négocié lors du cycle de l'Uruguay de 1986 à 1994 (article 66 :2), enjoint les gouvernements des pays développés à offrir des incitations à leurs entreprises afin de promouvoir le transfert de technologies vers les pays les moins avancés. Cet accord peine à être appliqué comme l'ont constaté les pays en développement lors du cycle de Doha (9 au 13 novembre 2001). Aussi la Décision du Conseil des ADPIC du 19 février 2003 sur la mise en œuvre de l'article 66 :2 de l'Accord sur les aspects des droits de propriété intellectuelle qui touchent au commerce tente d'y remédier en demandant aux pays développés de fournir des rapports annuels sur les mesures qu'ils ont prises ou envisagent de prendre conformément aux engagements qu'ils ont contractés en vertu de l'article 66 :2.

The COP-14 in Poznań in 2008 had to assess the progress made under the biennial process of the Bali Action Plan. One major advance at Poznań was the assertion that the new commitments by Annex I Parties should "principally" take the form of Quantified Emission Limitations and Reduction Objectives (QELRO)²⁵. A good number of countries did not state their position clearly in Poznań, however. Some preferred to wait for signs of commitment by the new United States administration, as American President Obama had not yet come to power at the time of the Poznań negotiations. Others used the pretext of incompatibility of making clearly quantified commitments given the economic recession²⁶. The Poznań negotiations therefore made the minimum progress necessary for the negotiation process to continue until Copenhagen. The 2009 negotiation timetables were therefore extremely full, causing considerable pressure for the Copenhagen negotiations.

2.3 Copenhagen Accord

Given the heavy work programme, the Parties set up an expedited negotiation process in 2009 to produce a rough draft agreement for Copenhagen. Despite this timetable and the active involvement of the United States in 2009 in the debates on the post-2012 issues, the Parties failed to reach a legally-binding agreement, given their inability to compromise on the most disputed questions like reduction targets for developed countries. The negotiations nevertheless produced the Copenhagen Accord, a political agreement in the form of a high-level declaration by a few States.

Criticized by many developing countries for the lack of transparency and marginalisation of several parties from the negotiation process, the political nature of this agreement and its vague legal form proved very controversial in the few months following the adoption of the Copenhagen Accord by the COP-15. Noted by the COP-15²⁷, the Copenhagen Accord covers general aspects of the negotiations, like the long-term GHG emission targets and financing (see Box 2). The Accord contains an introductory paragraph listing the countries associated with it. In October 2010, 139 Parties had signified their association with the Accord and several countries had submitted information on their national mitigation policies. Box 2 outlines this Accord.

25. FCCC/KP/AWG/2008/8.

26. Murphy, D., et al., 2009.

27. Decision 2/CP.15.

BOX 2.

COPENHAGEN ACCORD

The fruit of negotiation restricted to the "Friends of the Chair" countries during the night of 18-19 December 2009, the Copenhagen Accord is the product of discussions firstly between some thirty countries and then between the United States and the four countries from the BASIC Group (Brazil, South Africa, India and China)²⁸. Although 139 governments²⁹ have signified their association with the Accord, it is not legally binding.

The Accord states the political desire of States associated with the agreement to address climate change in accordance with the **principle of common but differentiated responsibilities and respective capabilities**.

Mitigation

The Accord is banking on an **objective of limiting the rise in global temperature to 2°C maximum** and a cap on world emissions "as quickly as possible". It grants "more time" nevertheless to developing countries to achieve emission peaks and provides for the Accord to be evaluated in 2015, to envisage strengthening the long-term objective, especially limiting the rise in temperatures to 1.5°C.

The Accord requires:

- **Annex I Parties:** submission to the Secretariat of quantified individual or joint emission reduction targets to be achieved by 2020. To date, 42³⁰ countries have submitted their targets. These reductions will be measured, reported and verified in accordance with existing guidelines and those which may be adopted by the CMP.
- **non-Annex I Parties:** submission of mitigation actions to the Secretariat. The Least Developed Countries (LDC) and the Small Island Developing States (SIDS) can however take voluntary actions. To date, 43³¹ countries have submitted their mitigation actions.

These actions will be measured, reported and verified nationally and their results must be presented in the national communications every two years. Subsequent mitigation actions should be notified in the national communications under the guidelines to be adopted by the CMP. Any mitigation actions requiring financial or technological support and/or capacity building for their implementation will be entered in a registry with the type and extent of support provided. They will be measured, reported and verified internationally in accordance with the guidelines adopted by the CMP.

These mitigation objectives and actions are annexed to the Accord as and when they are notified to the Secretariat.

28. Strategic Analysis Centre, 2010.

29. Including 41 member countries and associate member countries of the International Organisation of La Francophonie.

30. Including eight member countries and associate member countries of the International Organisation of La Francophonie.

31. Including fourteen member countries and associate member countries of the International Organisation of La Francophonie.

Mitigation means

The Accord encourages:

- the immediate introduction of a mechanism to reduce emissions from deforestation and forest degradation (REDD), which can mobilize financial resources from developed countries; and
- recourse to market mechanisms.

Financing

The Accord requires scaled up, new and additional, predictable and adequate financing as well as improved access from developed countries for the mitigation, including REDD-Plus, and adaptation actions of developing countries together with technology development and transfer and capacity-building.

The financing provided by the developed countries will be measured, reported and verified in accordance with existing guidelines and those that may be adopted by the CMP.

The Parties are targeting financing amounting to:

- **30 billion US dollars for the 2010-2012 period; and**
- **100 billion US dollars per year by 2020.**

In this respect, certain Annex I Parties have also promised financial support during 2010³². An Internet site has been set up to report the amounts pledged so that the commitments announced by these countries can be monitored³³.

In support of these financing actions and objectives, the Accord provides for the creation of:

- a **high-level panel on financing** with the task of examining possible sources of financing to achieve the financing objectives; and
- the **Copenhagen Green Climate Fund**, an operating entity of the financial mechanism of the Convention.

Technology development and transfer

The Accord anticipates that the financing mobilized is used for technology development and transfer. It also creates a Technology Mechanism to accelerate technology development and transfer in support of action on adaptation and mitigation

Adaptation

The Accord requires developed countries to provide **adequate, predictable and lasting financing, technology transfer and capacity-building** to support adaptation actions, especially in the LDC, SIDS and African countries which will receive financing for adaptation in priority.

32. To access a *World Resources Institute* analysis of promised commitments by Annex I Parties, see: http://pdf.wri.org/climate_finance_pledges_2010-10-02.pdf.

33. See: <http://www.faststartfinance.org/content/contributing-countries>.

Despite the disappointment of the negotiators in failing to reach a legally-binding agreement in Copenhagen, the Copenhagen Accord did, nevertheless, associate the two main GHG emitters - China and the United States - with addressing climate change. The Accord also urges developing countries to take measured, reported and verified mitigation actions under international rules, when they benefit from international support, whilst the recommendations for actions taken in a measurable, reportable and verifiable manner have been a obstacle to the negotiations for some time, especially for China which rejects all international control of national policies. As the United States is finding it impossible to propose an emission reduction target, mainly due to the deadlock in American parliamentary debates on adopting a climate law³⁴, the countries have turned to financing to find a basis of agreement. The developed countries put financing objectives forward in the Copenhagen Accord (see Box 2) due to their inability to offer ambitious emission reduction targets. The United States and other developed countries therefore rallied to the European Union, which had proposed prior to Copenhagen short-term global aid of 10.5 billion dollars by 2012³⁵.

In conjunction with the Copenhagen Accord, the Parties mandated the two ad hoc working groups (AWG) up to the COP-16/CMP-6 to ensure that a legally-binding agreement is reached. The AWG have therefore worked on the negotiating texts in 2010 in a context less vulnerable to media pressure than in 2009, pursuing the aim to provide draft decisions at the COP-16/CMP-6. Following an initial negotiation session in April (Bonn I, 9-11 April 2010), the AWG only opened the policy dialogues during the June session (Bonn II, 31 May-11 June 2010), continuing in August (Bonn III, 2-6 August 2010) and then October (Tianjin, China, 4-9 October 2010).

Before any policy negotiation, the Parties have had to decide on how to consider the Copenhagen Accord in the context of the AWG-LCA negotiations; the countries associated with the Accord disagree with those not associated with it. This was a preoccupation in most debates in the April session, culminating in the implicit recognition that the Chair of the AWG-LCA could dip into the Accord's contents when preparing the new text³⁶. The Parties thus mandated the Chair of the AWG-LCA to prepare a text to facilitate negotiations based on the AWG-LCA report to the COP-15 and the work undertaken by the CMP on the basis of this report, which includes indirectly Decision 2/CP.15 noting the Copenhagen Accord.

34. In June 2009, the House of Representatives had adopted the draft bill H.R.2454, the American Clean Energy and Security Act, which stipulates medium- (17% by 2020 compared with 2005) and long-term (83% by 2050 compared with 2005) reduction targets. However, the Senate had not moved forward on this matter.

35. Strategic Analysis Centre, 2010.

36. IISD, 2010a.

Another striking issue of the 2010 negotiations has been the form of cooperation between the two negotiation processes, namely the AWG-LCA and the AWG-KP. The purpose of the proposal to hold joint working sessions of the two working groups, supported by most developed countries, is that, among other things, quantified commitments by Annex I Parties and mitigation efforts by other Parties can be discussed in a single forum. Most developing countries are opposed to this, fearing that they could potentially be forced into quantified GHG emission reduction obligations, meaning the end of the Kyoto Protocol. The United States has not ratified the Protocol and is therefore also contesting this option. It fears increased international pressure urging it to commit to legally-binding GHG emission reductions in the same way as the Annex I Parties obligated under the Protocol. Nevertheless, some countries from the Alliance of Small Island States (AOSIS) plus Colombia have supported the proposal to create a joint work area between the two AWG to identify issues of common interest over the commitments of Annex I Parties. This proposal has created some divergences within the G-77/China in addition to those generated by the fact that not all members of the G-77/China recognize the Copenhagen Accord.

AOSIS and other developing countries have also suggested requesting a technical document on the options to limit the rise in average global temperatures to 1.5°C and 2°C compared with pre-industrial levels. This caused a major stand-off during the June 2010 session, mainly due to opposition from oil exporting countries³⁷. This proposal ultimately went nowhere, but many developing countries have requested that the developed countries work actively to limit the increase in the global temperature to 1.5°C despite the Copenhagen Accord noting a target of 2°C³⁸. This question has therefore re-opened the debate on the legitimacy of the contents of the Copenhagen Accord in the context of negotiations on a post-2012 regime.

The issue of the legal form of the future agreement has also been at the forefront of negotiations in 2010 (see Box 3). During the August negotiation session in Bonn, the Chair of the AWG-LCA asked the Ambassador of Mexico to the UN, His Excellency Luis Alfonso de Alba, to launch collective discussions on the potential legal form of a post-2012 regime agreement under the AWG-LCA. In addition, in preparation for the Bonn negotiations, the AWG-KP had required the Secretariat to draft a note on the legal solutions which would prevent a gap occurring between the first and second commitment period of the Parties to the Kyoto Protocol and the implications of such a gap.

37. IISD, 2010b.

38. IISD, 2010c, p.4.

BOX 3.

ISSUES OVER THE LEGAL FORM OF THE FUTURE AGREEMENT

Under the AWG-LCA

During the August 2010 session, Ambassador De Alba presented three possible scenarios for the legal form of the next regime:

- a second commitment period under the Kyoto Protocol accompanied by decisions by the COP and the COP/CMP;
- a second commitment period under the Kyoto Protocol and a legally-binding agreement under the UNFCCC (two parallel agreements), both accompanied by decisions by the COP and the COP/CMP; and
- a single agreement under the UNFCCC accompanied by a decision by the COP, which would mean the end of the Kyoto Protocol.

What is clear from the debates is that several Parties wish to agree on a timetable at Cancún to adopt a binding agreement. Although certain countries wish to reach a legally-binding agreement in Cancún, others are more realistic and are preparing simply to adopt decisions of the COP-16/CMP-6 which will set a timetable for a binding agreement.

In terms of the content of the future agreement, Ambassador De Alba has suggested that the Parties decide which issue of the AWG-LCA should be dealt with using a non-binding or binding instrument. The majority of developed countries consider that a legally-binding agreement should include all the major emitters and developing country mitigation actions; many developing countries oppose this.

Under the AWG-KP

To avoid a possible gap between the first commitment period and subsequent periods, the AWG-KP requested that a technical note be prepared stating:

- proposed options to prevent a gap (see Section 3.2); and
- the legal implications of any gap³⁹.

Debates on this issues raised doubts in the minds of developing countries over the willingness of developed countries to agree to a second commitment period and renew the Kyoto Protocol.

The continuity of two commitment periods implies that the amendments made to the Protocol would enter into force before 1 January 2013. If this date is to be met, the COP/CMP has to adopt these amendments in 2010 or 2011 and three quarters of the Parties to the Kyoto Protocol (143 Parties) have to ratify the amendments before 3 October 2012. Ratification is a potentially drawn-out process; as a rough guide, eight years elapsed between the adoption of the Kyoto Protocol in 1997 and its entry into force on 16 February 2005.

The proposed options therefore seek to avoid a delay between the entry into force of these provisions and the end of 2012 whilst maintaining compatibility of provisions adopted with national legislation.

In terms of the legal implications of a possible gap, the note demonstrates that all the elements in the Kyoto Protocol, apart from quantified commitments to reduce emissions (Article 3.1 of the Protocol), have been created for an indefinite period.

It is unclear whether the mechanisms and institutions intended to assist the Parties in complying with their emission reduction commitments under article 3.1 of the Protocol have

39. FCCC/KP/AWG/2010/10.

been created for an indefinite period. Nevertheless, as certain mechanisms help to promote sustainable development, like the Clean Development Mechanism, it would be relevant to maintain them despite a gap between the two periods.

The work on the negotiating texts quickly became an exercise in re-establishing trust between the Parties, which was undermined by the disappointment of failing to reach a legally-binding agreement in Copenhagen. Nevertheless, playing down expectations has been appropriate in 2010; certain participants no longer expect a legally-binding agreement to be reached in Cancún, rather that an implementation framework is adopted with decisions made on the technical issues to provide a means of achieving a general agreement later on. This approach is different from the one that culminated in the Kyoto Accord in 1997 followed by the adoption of its technical implementation framework four years later in Marrakesh.

3. THE MAIN NEGOTIATION ISSUES ON THE POST-2012 REGIME

The issues of a post-2012 climate regime are examined under a "two-pronged" approach:

- The *Ad Hoc Working Group on the further commitments for Annex I Parties under the Kyoto Protocol* (AWG-KP); and
- The *Ad Hoc Working Group on Long-term Cooperative Action* (AWG-LCA).

The AWG-KP provides a framework for negotiations on the commitments of the Annex I Parties. Its main mandate is to agree the GHG emission reduction targets for these countries for post-2012 commitment periods and how these reductions can be achieved⁴⁰ (see Box 5). The AWG-LCA is mandated to take charge of the process to allow "the integral, effective and on-going application of the Convention by concerted action between now and 2010 and beyond", with a view to reaching an agreement on a post-2012 regime and submitting a draft agreement to the *15th Conference of the Parties to the UNFCCC* (COP-15) (see Box 4).

The AWG-LCA was unable to prepare a draft decision containing the elements of a post-2012 regime agreement in Copenhagen due to the many disagreements. The AWG-KP was also unable in Copenhagen to agree on a second period of commitments for 2013. Both groups therefore saw their mandate extended in Copenhagen for one year, until Cancún, the aim being, for the AWG-LCA, to achieve a legally-binding agreement on a post-2012 regime under the Convention (Section 3.1) and, for the AWG-KP, to reach agreement on a second commitment period under the Kyoto Protocol (Section 3.2).

Given the number and complexity of issues to be resolved, Cancún will more than likely be a transition conference which will plot the path desired by several Parties towards adopting a legally-binding agreement, including a second commitment period under the Kyoto Protocol. In Tianjin, the Parties therefore concentrated their efforts on selecting issues most likely to be decided in Cancún. The following sections present the issues addressed in the two working groups and highlight the stumbling blocks for these issues.

40. FCCC/KP/AWG/2007/5, par. 22 c

41. FCCC/AWGLCA/2010/13, p.4.

BOX 4.

THE AWG-LCA WORK PROGRAMME AND THE NEGOTIATING TEXT STRUCTURE

The work programme for the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) is organized around the shared vision for long-term cooperative action and four constituent elements of the Bali Action Plan, namely mitigation, adaptation, technology development and transfer and financial and investment resources.

The AWG-LCA will use the negotiating text for its work in Cancún, with the following structure⁴²:

Chapter 1:

- I. The shared vision for long-term cooperative action;
- II. Enhanced action on adaptation and its implementation means;
- III. Enhanced action for mitigation;
 1. Mitigation by developed country Parties;
 2. Nationally appropriate mitigation actions by developing country Parties;
 3. Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries, the role of conservation and sustainable management of forests and the enhancement of forest carbon stocks in developing countries;
 4. Cooperative sectoral approaches and actions;
 5. Various approaches, including opportunities for using markets to increase and promote the efficiency of mitigation actions bearing in mind circumstances specific to the developed and developing countries;
 6. Economic and social consequences of response measures;
- IV. Enhanced action in financing and investment;
- V. Enhanced action on development and technology transfer;
- VI. Capacity-building; and
- VII. The review of the objective in the long-term.

Shared vision for long-term cooperative action

The shared vision is intended to spearhead the four pillars of the Bali Action Plan and achieve a global objective of reducing GHG emissions. The Parties not only have to agree on a quantified objective, they must also agree on the scope and nature of the shared vision and its underlying principles. These are crucial issues, as they will certainly influence the scale and binding ("shall") or voluntary ("should") nature of the overall objective of reducing GHG emissions.

42. Based on the negotiating text prepared for the Tianjin session: FCCC/AW-GLCA/2010/14.

In addition, the discussions on the scale of the objective have provoked scrutiny of the goal of limiting the rise in average global temperature to 2°C stated in the Copenhagen Accord. Whereas the United States, supported by the European Union, wishes to operationalize this 2°C target, many developing countries have pointed out that the Copenhagen Accord does not have the necessary legal force to influence the contents of a UNFCCC document⁴⁶. The negotiating text therefore also contains several options for limiting temperature rises to 1°C, 1.5°C or 2°C.

The United States stance on the emissions reduction objective is critical to the success of the negotiations, as many Annex I Parties, including the European Union, Australia and Japan, have maintained ambitious objectives conditional on the United States committing to something similar⁴⁷. Advocating national emission reduction objectives for the Annex I Parties, the United States has indicated a 17% target by 2020 compared with 2005⁴⁸ (3.92% reduction compared with 1990⁴⁹) in accordance with the draft bills put before American Representatives⁵⁰ in order to achieve an 83% reduction goal by 2050 compared with 2005⁵¹ (80.3% reduction compared with

46. IISD, 2010c, p.4.

47. FCCC/KP/AWG/2009/MISC.15.

48. United States submission of 28 January 2010. http://unfccc.int/files/meetings/application/pdf/unitedstatescpaccord_app.1.pdf

49. Calculated using the data of the CAIT of the WRI on the United States' GHG emissions for 1990 and 2005.

50. The House of Representatives adopted the draft bill H.R.2454, the American Clean Energy and Security Act, on 26 June 2009. This stipulates medium- (17% by 2020 compared with 2005) and long-term (83% by 2050 compared with 2005) reduction targets. The Senate should adopt a similar bill to the one adopted by the House of Representatives for this bill to be passed. Both laws should then be merged within a Conference Committee before the end of the second year of parliamentary session, i.e. before end 2010. Thus, if the Senate does not manage to adopt a bill by end December 2010, the Waxman-Markey draft bill will no longer be valid and both Houses will have to start the process of drafting, negotiating and adopting draft bills again. Although the Senate is currently studying several draft bills, it is highly unlikely that it will adopt a bill by the end of December. If it does, it is probable that this law will focus on the energy sector rather than targeting all sectors of the economy with an impact on climate change. Knowing whether the draft bill adopted by the Senate will authorise the reductions indicated in the Copenhagen Accord also remains hanging in the air.

51. United States submission of 28 January 2010. http://unfccc.int/files/meetings/application/pdf/unitedstatescpaccord_app.1.pdf

1990⁵²). These objectives do not compare favourably with potential commitments by certain developed countries (for example, the European Union anticipates reducing its emissions by 20% to 30% by 2020 compared with 1990 levels⁵³, Japan by 25%⁵⁴). The United States has reacted to these comparisons, however, by stating in June 2010 that "success in Cancún does not hinge on US legislation"⁵⁵; the scale of its GHG emission reduction target announced internationally does however depend on US legislation.

The discussions on the United States' emission mitigation commitment and the long-term objective have also been an opportunity for certain countries, including Japan, New Zealand and Russia⁵⁶, to underline the link between the AWG-LCA discussions on a global objective for reducing GHG emissions and the AWG-KP discussions on the GHG emission reduction commitments by Annex I Parties. Many developed countries - apart from the United States - would like to see the two working groups cooperating, but the developing countries reject any idea of bringing them together, fearing increased international pressure for them to commit to reductions in the same way as the Annex I Parties. Whereas the AWG-KP discussions are restricted to the targets of Annex I Parties, under the AWG-LCA discussions many developed countries, which are also Annex I Parties, have suggested that large emitting countries, including the United States and the most advanced developing countries, should commit to quantified GHG emission reductions in the same way as the obligated Parties under the Kyoto Protocol.

52. Calculated using the data of the CAIT of the WRI on the United States' GHG emissions for 1990 and 2005.

53. FCCC/KP/AWG/2009/MISC.15.

54. Japanese submission of 26 January 2010. http://unfccc.int/files/meetings/application/pdf/japancphaccord_app1.pdf

55. IISD 2010b, p.3.

56. IISD, 2010b, p.4.

TABLE 1.
GHG EMISSION REDUCTION OBJECTIVES PROPOSED BY THE PARTIES IN 2010
UNDER THE AWG-LCA

Country or Coalition	Objective of reducing GHG emissions, stabilizing the CO ₂ concentration or limiting the rise in global temperature	Reference year	Target year
ALBA ⁵⁷	Stabilization at 350 ppm and temperature increase limited to between 1 and 1.5°C	-	-
	50% for Annex I Parties	1990	2013
AOSIS ⁵⁸	Stabilization at 350 ppm and increase limited to 1.5°C Global target of 85% (target re-examined in 2015)	1990	2050
	45% for Annex I Parties	1990	2020
	90 % for Annex I Parties		2050
Argentina ⁵⁹	40% for developed countries	1990	2020
	85% for all countries including 95% for developed countries		2050
Australia ⁶⁰	Limitation to 2°C	-	-
Bolivia ⁶¹	Stabilization at 300 ppm and limitation to 1°C	-	-
	50% for Annex I Parties	1990	2013-2017
	100 % for Annex I Parties	1900	2040
Chile ⁶²	Limitation to 2°C, revised in 2015 to envisage the objective of 1.5°C	-	-
European Union ⁶³	50% for all countries 80-95 % for developed countries Limitation to 2°C	1990	2050
United States ⁶⁴	Limitation to 2°C	-	-
Marshall Islands ⁶⁵	Limitation to 1.5°C	-	-

57. FCCC/AWGLCA/2010/MISC.2, p.87.

58. FCCC/AWGLCA/2010/MISC.2, p.65.

59. FCCC/AWGLCA/2010/MISC.2, p.8.

60. IISD 2010b, p.5.

61. FCCC/AWGLCA/2010/MISC.2, p.8.

62. FCCC/AWGLCA/2010/MISC.2/Add.1, p.19.

63. IISD 2010b, p.5.

64. FCCC/AWGLCA/2010/MISC.2, p.80.

65. FCCC/AWGLCA/2010/MISC.2/Add.1, p.15.

Country or Coalition	Objective of reducing GHG emissions, stabilizing the CO ₂ concentration or limiting the rise in global temperature	Reference year	Target year
Cook Islands ⁶⁶	Limitation to 1.5°C	-	-
India ⁶⁷	Limitation to 2°C	-	-
Japan ⁶⁸	50% for all Parties	-	2050
Ghana ⁶⁹	Stabilization at 350 ppm and limitation to 1.5°C	-	2020
	65 % for Annex I Parties	1990	2020
	100 % for Annex I Parties		2050
African Group ⁷⁰	40% for Annex I Parties	1990	2020
	80% to 95% for Annex I Parties		2050
Maldives ⁷¹	Stabilization at 350 ppm and limitation to 1.5°C	-	-

Extending the shared vision to other components of the Bali Action Plan

Developing countries call for all components of the Bali Action to have a shared vision, whereas the developed countries prefer that the section of the text on the shared vision is restricted to listing the general principles and a global objective for reducing emissions. The developing countries have therefore pressed for the following to be included: the obligation of developed countries to allocate a given percentage of the Gross Domestic Product (GDP) to the implementation of the Convention and financing for mitigation and adaptation actions of developing countries; capacity-building; and technology development and transfer⁷². Some developing countries have asked for the text to deal also with the negative impacts from implementing response measures for climate change by the developed countries.

In addition, the request from developing countries to ban unilateral commercial actions justified by reasons linked to climate change have resulted in a provision on international trade being considered. This proposal is aimed especially at the United

66. FCCC/AWGLCA/2010/MISC.5, p.2.

67. FCCC/AWGLCA/2010/MISC.2/Add.1, p.11.

68. IISD 2010b, p.5.

69. FCCC/AWGLCA/2010/MISC.2, p.42.

70. IISD, 2010b, p.8.

71. FCCC/AWGLCA/2010/MISC.2, p.68.

72. IISD, 2010c, p.4.

States, where the draft bill adopted by the American House of Representatives⁷³ includes border adjustments. Strict conditions would govern these adjustments, the aim being to reduce competition by 2020 between domestic goods, where American producers or manufacturers would be subject to GHG emission reduction goals, and goods imported into the United States not subject to equivalent restrictions. A few European countries are also lobbying the European decision-making bodies for systems at the borders of the European Union applying a carbon tax on imported products manufactured under processes emitting large amounts of GHG. Note that the negotiating text prepared prior to Tianjin states that the measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade⁷⁴.

Shared vision revision process

Consensus seems to have been reached on setting up a process for revising the shared vision. Nevertheless, the scope of this examination is widely disputed. China is in favour of revising the effectiveness of mitigation efforts by Annex I Parties to achieve the global objective and their financial commitments towards developing countries⁷⁵. On the other hand, the developed countries believe that the process is a way of revising the ambition level of the global objective in the long term. Some countries are also asking that the revision process be applied to all the components of the Bali Action Plan. Certain developing countries, including Bolivia⁷⁶, have even suggested setting up a Court of Climate Justice to ensure compliance of Annex I Parties with the shared vision reduction goals.

In similar fashion to the Copenhagen Accord, it is also planned to boost the long-term objective, mainly in terms of limiting the temperature rise to 1.5°C. The suggestion has been made to use the impacts on the Least Developed Countries (LDC) and Small Island Developing States (SIDS) combined with the obstacles to additional mitigation actions as key reference points in assessing the adequacy of the objective in the long term.

Many developed countries believe that an agreement on the long-term objective under the shared vision could be one decision made in Cancún. Most developing countries would prefer consensus on all the components of the Bali Action Plan, nevertheless, before the long-term objective is fixed in a decision made by the COP, mainly to ensure that a shared vision is defined for each component in the Bali Action Plan.

73. Draft bill H.R.2454 The American Clean Energy and Security Act, called Waxman-Markey.

74. FCCC/AWGLCA/2010/14, para12, p.9

75. IISD 2010b, p.5.

76. FCCC/AWGLCA/2010/MISC.2, p.8.

What will be the scope of the revision under the shared vision revision process? Must it concentrate on the mitigation and financial efforts of developed countries or simply the global objective of reducing emissions.

Developing countries diverge widely on this last point. Some member countries of the G-77/China are against the idea of categorizing developing countries to determine their vulnerability, whilst others, including the Group of LDC, AOSIS, the

77. Décision 1/CP.13.

African Group and Switzerland, support this type of classification⁷⁸. This question of differentiation is crucial as it is linked directly to the question of financial and technological support and capacity-building. For example, the Group of LDC is proposing that 70% of the financing for adaptation be allocated to the LDC, the AOSIS countries and the particularly vulnerable African countries⁷⁹. In Tianjin, a proposal to modify the definition of "vulnerability" in the text re-opened discussions on the topic.

Another fundamental disagreement is over the references to the impacts of response measures taken by the developed countries. Saudi Arabia, supported by Algeria⁸⁰, is seeking the insertion of such references in the "adaptation" chapter in the negotiating text, thereby leading to agreement on the questions of adaptation to climate change and impacts of response measures. Saudi Arabia is thus banking on a broad mechanism which also compensates the losses and damage attributable to the impacts of response measures. Other countries have objected to this, including the developed countries, the LDC and the AOSIS countries, indicating that the topic has already been addressed under the theme of mitigation⁸¹.

Adaptation action implementation means

The means of implementing adaptation actions are a major stumbling block, especially in terms of financing the adaptation. Whereas the developed countries, including the United States, Australia and Canada, would like to see the question of support addressed in the respective chapters on financing, technology development and transfer and capacity-building⁸², the developing countries wish to ensure that a share of financing is reserved exclusively for adaptation.

In this respect, the majority of developing countries seek a provision of new, predictable and lasting resources and simplified and fair access to these resources. The African Group suggests, for example, that the developed countries pay 1.5% of their GDP annually into an Adaptation Fund⁸³. Several developing countries are also pressing for the financing to be an addition to the public development aid, so that funds earmarked for reducing poverty and for sustainable development are not used. AOSIS has also called for the MRV process to be applied, to ensure the additionality of the financial support⁸⁴.

78. IISD 2010b, p.5.

79. IIDD, 2009c, p.5 and IIDD, 2010d, p.2.

80. IISD 2010b, p.5.

81. IISD 2010b, p.5.

82. IISD, 2010b, p.6.

83. IISD, 2010d, p.2.

84. IISD, 2010b, p.6.

Some developing countries, including the African Group, have also suggested creating an Adaptation Fund under the auspices of the COP (the current Adaptation Fund is under the auspices of the Kyoto Protocol)⁸⁷. The discussions also produced several suggestions for enhancing or creating adaptation centres or networks. Certain Parties, including the LDC⁸⁸, favour setting up regional adaptation centres. In addition, it has also been proposed to set up a process for the LDC to identify their adaptation requirements and develop strategies, mainly through formulating national adaptation plans.

Adaptation-related issues

Should a difference be made between the developing countries according to their vulnerability to climate change so that support is allocated to the most vulnerable in priority? If yes, what criteria should be used?

Should financing adaptation actions be dealt with in the chapter on adaptation or in the chapters on financing, capacity-building and technology development and transfer? Which communication channels should be preferred to give an account of adaptation needs and financial support?

Should an Adaptation Committee be established or existing institutions relied on? What would be the functions of such a committee?

Should the adaptation framework include a mechanism which also compensates for the losses and damage attributable to the impacts of response measures?

Enhanced action at national and international scale for the mitigation of climate change

Mitigation is at the heart of the climate negotiations. During the AWG-LCA negotiation sessions, this question has been debated not just under the shared vision for long-term cooperative action but also in its own right, in accordance with the Bali Action Plan. The debates on mitigation therefore focus on the following themes:

- Mitigation in the developed countries;
- Mitigation in the developing countries;
- Reduction of GHG emissions from deforestation and forest degradation in developing countries (REDD);
- Cooperative sectoral approaches;
- Miscellaneous initiatives, including market-based approaches, to improve the cost/effectiveness ratio of mitigation actions; and
- Economic and social consequences of response measures;

87. HSD, 2010d, p.2.

88. HSD 2010b, p.5.

Mitigation in the developed countries

The central issue of mitigation actions by the developed countries is the binding or non-binding nature of emission reduction commitments and their comparability. The debates on mitigation in developed countries have also given several Annex I Parties the chance to request the establishment of criteria to differentiate between the developed and developing countries, to include the efforts by the most advanced developing countries.

Differentiation criteria between developed and developing countries

The Bali Action Plan distinguishes between the GHG emission reduction commitments by developed countries and the actions by developing countries to limit an increase in their emissions (See Box 1). The Bali Action Plan makes no reference to the notions of Annex I and non-Annex I Parties, but makes a distinction between developing and developed countries. Some Parties, especially those included in Annex I, believe that it is important to make clear what is understood by "developed countries" and "developing countries" by fixing differentiation criteria such as Gross Domestic Product (GDP) or per capita emissions. Other Parties, mainly those not included in Annex I, are against this exercise⁸⁹. Note that the current negotiating text provides for the potential selection of criteria, without saying precisely which ones, to determine which Parties should be included in Annex I of the Convention⁹⁰.

Certain Parties fear that the most advanced developing countries, currently non-Annex I Parties, will henceforth be obliged to commit to mitigation under a new agreement (see Figure 2). In Tianjin, the proposal by some Parties to discuss the eligibility of Annex I Parties was another bone of contention, with developing countries opposing it strongly. Certain Parties have therefore proposed differentiated obligations and commitments for the developing countries, according to the level of advancement of these countries, and sought the introduction of the concept of "graduation"⁹¹.

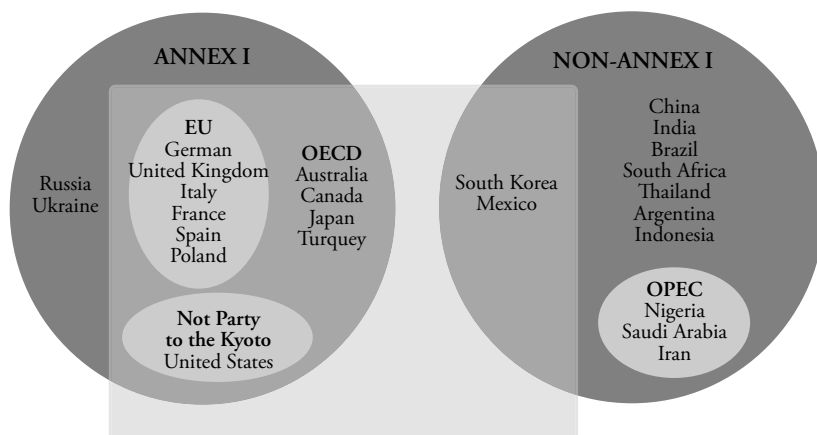
Reaching consensus on differentiation criteria between developed and developing countries is a major challenge for the negotiators concerning the post-2012 regime, all the more that many Annex I Parties have made ambitious commitments contingent on commitments being made by the most advanced developing countries.

89. FCCC/AWGLCA/2008/6.

90. FCCC/AWGLCA/2010/14, para.14 bis.

91. *Facilitator's reflections on the issues discussed by the 1b(i) drafting group. Drafting group on mitigation commitments or actions by developed country Parties (item 1b(i) of the Bali Action Plan), version of 9 October 2010 at 14:00, see: [http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b\(1\).pdf](http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/1b(1).pdf).*

FIGURE 2.
THE 25 LARGEST GHG EMITTERS, BY REGION AND ORGANIZATION



Source: Adapted from Baumert et al. (2005) based on 2005 GHG emissions according to the Climate Analysis Indicators Tool from the WRI.

Commitment types or mitigation initiatives

The type of commitments of developed countries and their comparability are among the most contentious points in the negotiations on a post-2012 regime. In terms of the nature of commitments, this involves determining whether they must include binding and quantified reduction objectives which include all the economic sectors. In terms of their scale, the G-77/China suggests fixing a global objective which is then distributed between the Annex I Parties, including the United States, to pursue a top-down approach consistent with the Kyoto Protocol approach⁹².

The reduction objectives fixed under the shared vision have also been examined for their potential use as a basis for fixing the mitigation action goals of developed countries. The commitments under the second Kyoto Protocol commitment period have been discussed as to whether they constitute mitigation objectives of the Bali Action Plan for the developed countries. To ensure the participation of Annex I Parties not obligated under the Kyoto Protocol, India and Bolivia have proposed that the AWG-LCA decides on a collective range of GHG emission reductions for the Annex I Parties and individual targets for non-Parties to the Protocol which are Annex

92. IISD, 2010b, p.8.

I Parties⁹³. These discussions prompted intense debate during Bonn II (June 2010) on creating a common discussion area between the two AWG. Supported mainly by the developed countries, except for the United States which stated that it had no intention of become a Party to the Kyoto Protocol, the proposal to create this common area received the support of the AOSIS countries and Colombia, Chile, Costa Rica, Dominican Republic, Panama, Peru and Uruguay⁹⁴. The matter was not taken further, however.

The developed countries are seeking recognition of the need to involve all large emitter developing countries in any global GHG emission reduction target. Developed countries prefer to talk about "objectives" rather than "commitments" for mitigation actions, given the potentially huge difference in the binding nature of actions which will be undertaken. Based on the bottom-up approach included in the Copenhagen Accord, some developed countries, including the United States, favour fixing individual "objectives" rather than making "commitments".

Inclusion of commitments, or objectives, of developed countries in a COP decision

Many Parties support the inclusion of objectives, or commitments, of developed countries so that they are reflected in a COP decision in Cancún. Nevertheless, several Parties wish the inclusion of objectives to be conditional on the assurance that they do not prejudice the legal form of the next agreement. This request is also a reaction to the G-77/China position advanced in Tianjin, which calls for a decision stating that the AWG-LCA work is focusing on a legally-binding agreement.

Certain Parties have also requested that only the objectives, or commitments, of Annex I Parties which are not obligated under the Kyoto Protocol are included in a COP decision, as the commitments by other Annex I Parties will be included in Annex B to the Protocol under the mandate of the AWG-KP. Other Parties would like to see inserted the objectives or commitments of all Parties, whether or not included in Annex I. This issue has provoked lively debates, mainly during the Tianjin session.

Comparability of efforts and measurability, reportability and verifiability (MRV) requirements for developed countries

Many countries are counting on compliance with the recommendations for mitigation actions taken in a measurable, reportable and verifiable manner (MRV), stated in the Bali Action Plan (the issues of MRV recommendations figure in Table 2) to compare mitigation efforts of developed countries.

93. FCCC/AWGLCA/2010/MISC.2/Add.1, p.11 and FCCC/AWGLCA/2010/MISC.2, p.8

94. IISD, 2010b.

The main issue is whether new directives on compliance with MRV recommendations should be drafted in addition to the existing directives for the national communications, the national GHG emission inventories for Annex I Parties and the reports submitted by the Parties to the Protocol. Most countries agree that these reports demonstrate compliance with MRV recommendations by the developed countries. However, current guidelines indicate no special methods to assess the impact in terms of emission reductions from national attenuation actions, which makes any attempt at comparing mitigation actions of different countries more difficult⁹⁵.

The developing countries therefore wish the current directives to be enhanced, to improve comparability of mitigation actions, and to apply to all Annex I Parties, including those not obligated under the Protocol. Modalities and procedures to ensure the compliance of commitments and/or objectives of developed countries have also been discussed. This is opposed by the developed countries.

Mitigation-related issues of developed countries

Should the definitions of developed and developing countries be reconsidered, especially by establishing differentiation criteria?

How should the objectives or commitments of developing countries be recorded? Should they all be included in a decision in Cancún or only those of non-obligated countries under the Kyoto Protocol? Should the most advanced developing countries also state their commitments?

What will be the nature of these commitments? Should they be binding? How can their comparability be guaranteed?

See Table 2 for the MRV recommendations.

Mitigation in the developing countries

The potential contributions to mitigation by developing countries have been debated fiercely since 2009. The discussions have focused on nationally appropriate mitigation actions (NAMA) taken by developing countries, as defined in the Bali Action Plan. The issues here relate to the nature of these NAMA, the application of MRV recommendations to these actions and the support from developed countries.

95. Measurable, Reportable and Verifiable Mitigation Actions and Support
A summary of OECD/IEA analyses for COP 15. <http://www.oecd.org/dataoecd/32/15/44228245.pdf>.

The nature of nationally appropriate mitigation actions

The developing countries envisage NAMA as being voluntary mitigation actions, with some of them supported by the developed countries. This vision is contrary to that of the majority of developed countries. They would like some NAMA, mainly those supported, subject to obligatory implementation by developing countries, with binding results, i.e. that the NAMA meet a duty to achieve a given result in terms of GHG emission reductions.

In addition, many developed countries are pressing for NAMA in developing countries to come under a broad framework, including, for example, a low-carbon development strategy (more ambitious for the most advanced developing countries) or a national schedule providing a common communication format for mitigation actions, as suggested by Australia⁹⁶. The plan is also that these national programmes are included in the national communications of developing countries. These concepts have yet to be defined, however.

Certain developed countries also wish that a reduction objective guides the NAMA in developing countries. A target of 15% to 30% below business as usual by 2010 has been inserted in the negotiating text⁹⁷. Note that several non-Annex I Parties have submitted NAMA under the Copenhagen Accord. Some of them are combined with rough emission reduction objectives, often based on the intensity⁹⁸.

Introduction of a communication and coordination mechanisms for NAMA and their support

The Parties have discussed establishing a NAMA registry for developing countries to make it easier to communicate NAMA and coordinate them with support from developed countries. Disagreement is still rife over whether the registry should include all the NAMA, be they financed or implemented autonomously. Certain developed and developing countries suggest that the registry lists those NAMA requiring financing and includes voluntary listing by developing countries of unsupported NAMA.

Many Parties support such a mechanism, although a few developing countries want only mitigation actions requiring financial or technological support or capacity-building to be registered, with unsupported actions reported through national communications alone. Other developed countries want the NAMA implemented autonomously to be registered in the Annex to a legally-binding agreement. This provision would make it mandatory to carry out the NAMA recorded in the Annex.

96. FCCC/AWGLCA/2010/MISC.2/Add.1, p.4.

97. FCCC/AWGLCA/2010/14, art.47.

98. See: <http://unfccc.int/home/items/5265.php>.

How the registry is governed remains open. Several developing countries suggest that it is placed under the authority of the COP. The Parties should also decide on the information to be indicated in the registry, i.e. the emission reductions to be achieved by the NAMA, their impacts on national emissions, the type of support requested, the costs relating to each mitigation action, business as usual and methods used to evaluate the emission reductions and costs. The discussions on the developing country NAMA registry seem sufficiently advanced to envisage creating such a registry in Cancún and specifying its procedures in 2011.

Compliance with measurability, reportability and verifiability (MRV) requirements

There is major disagreement over the application of MRV recommendations to the developing country NAMA and the support by developed countries. Most Parties acknowledge the need for more frequent and detailed reports from non-Annex I Parties. The majority of developing countries nevertheless want the MRV recommendations to apply only to the NAMA supported financially and technically by developed countries, whereas the developed countries believe that these requirements should apply to all the NAMA, including voluntary ones, by quantifying and communicating GHG emission reductions resulting from these actions.

In this respect, the United States favours an annexed decision on the MRV process, suggesting the following MRV baskets:

- MRV of mitigation actions by Annex I countries (according to current and future COP directives);
- MRV of the financial and technological support of supported actions;
- MRV of national actions of non-Annex I countries, supported or otherwise, and the international consultation and analysis of these actions (see Box 5); and
- additional international MRV of supported actions by non-Annex I countries⁹⁹.

The issues over the application of MRV recommendations to the developing country NAMA and their financial and technological support are detailed in Box 5 and Table 2.

99. FCCC/AWGLCA/2010/MISC.2, p.80.

Box 5.**Issues over recommendations for actions taken in a measurable, reportable and verifiable manner linked to developing country NAMA and support from developed countries**

The main objective of recommendations for actions taken in a measurable, reportable and verifiable (MRV) manner for developing countries is to make the Parties more responsible for quantifying emission reductions and link developing country actions to support from developed countries. The MRV recommendations apply to two components under the Bali Action Plan:

- a) The nationally appropriate mitigation actions (NAMA) of Parties to the UNFCCC, including by developing countries receiving support (the NAMA of Annex I countries which are Parties to the Protocol are likely to meet the MRV recommendations, in keeping with the definition of these criteria, thanks to their national inventories submitted regularly and the reports submitted under the Kyoto Protocol); and
- b) The financial and technological support from developed countries to implement NAMA in developing countries.

Developing country NAMA and compliance with MRV recommendations

The developing countries currently submit national communications, including an inventory of GHG emissions, to the UNFCCC somewhat haphazardly. These inventories are not based on standard accounting methods and are different from the regular Annex I Party inventories, which use rigorous, standardized accounting directives and methods. The national communications from developing countries cannot therefore be used at the moment to assess the effectiveness of emission reduction actions. There is seemingly a need, therefore, to expand the developing countries' ability to quantify emissions so that their national communications and inventories meet the requirements for measurable and reportable actions.

The developed countries suggest that the developing countries submit biennial national communications and inventories and routine national communications according to the methods recommended by the Subsidiary Body for Implementation (SBI). More flexible guidelines and/or less frequent national communications for the SIDS and LDC are also on the table. In addition, although clearly the MRV recommendations only apply to internationally-supported NAMA for many developing countries, some developed countries, including the United States, want internationally-unsupported NAMA to be subject to national MRV recommendations.

The Parties should also determine jointly whether the MRV recommendations relating to the mechanism in question apply to NAMA financed by market mechanisms.

Many developed countries, including the United States¹⁰⁰, have also suggested introducing **international consultation and analysis** of reports submitted by developing countries, to improve transparency and build up capacities of developing countries.

A panel of experts will revise the communications and/or inventories technically during the analysis phase and make recommendations. The international consultation phase will subsequently examine the scheduling and implementing of actions based on the analysed report. The SBI will recommend policies if the country so wishes. Many developing countries seek to restrict the process to a technical, non-political framework, recommending that the process

100. IISD, 2010b, p.8.

respects the national sovereignty of countries as much as possible. They would also like to see the international consultation and analysis process extended to the granting of financing.

Issues relating to the support from developed countries and compliance with MRV recommendations

Methods must be developed to measure the support from developed countries. The work of subsidiary bodies could prove useful for this purpose (see Section 4), as could directives from existing financial institutions.

Most countries opt for using national communications to comply with MRV recommendations for the support from developed countries¹⁰¹.

As the MRV recommendations are crucial to the continuing negotiations, the plan is to launch a work programme on the MRV in Cancún.

TABLE 2.
MITIGATION-RELATED ISSUES OF DEVELOPING COUNTRIES

Developing country NAMA	<ul style="list-style-type: none"> • Is applying current and future COP international directives, including for the national communications, inventories and reports of Parties to the Protocol sufficient to comply with the MRV process? • Should the directives be improved for better comparability of developed country actions? • Should the directives for the reports of Parties to the Kyoto Protocol be expanded to countries not Parties to the Protocol?
Developing countries' supported NAMA	<ul style="list-style-type: none"> • How can the current process and the directives for national communications including the GHG inventories be improved? • What frequency and stringency should be required for these reports? Should these requirements be less strict for the SIDS and LDC? • Is it advisable to restrict the scope of the international analysis and consultation to a technical examination? If yes, how? • What type of recommendation is formulated based on reports communicated by the developing countries? • For NAMA financed through market mechanisms, do the MRV recommendations relating to the mechanism in question guarantee the MRV process?
Developing countries' unsupported NAMA	<ul style="list-style-type: none"> • What is the preferred means of communication? • Should the MRV process be as stringent as for the supported NAMA? • Should they be registered? • Do the international analysis and consultation apply?
Support by developed countries for developing countries	<ul style="list-style-type: none"> • Do the international analysis and consultation apply? • What is the preferred means of communication?

101. IISD, 2010b, p.11.

Mitigation-related issues of developing countries

What type of mitigation efforts should developing countries apply? Should they be binding? Should they respond to an emission reduction objective?

Should the most advanced developed countries also state their mitigation actions and/or commitments in a decision in Cancún. What will be the nature of these commitments?

How should the mitigation efforts by developing countries be registered? Should a registry be created? Should the unsupported NAMA be registered or should they be reported via national communications?

Should agreement be sought on improving transparency of actions and a work programme for the MRV be launched in Cancún.

See Table 2 for the MRV recommendations.

Reduction of emissions from deforestation and forest degradation in developing countries

The issues relating to the reduction of emissions from deforestation and forest degradation (REDD) in developing countries mainly cover the scope and voluntary nature of actions under a future REDD mechanism, as this impacts the scale of financing required and the stringency of emission and monitoring accounting methods. Financing also raises other questions, with some developing countries opposed to market-based sources of financing.

Scope and objective of REDD actions

The Parties made a significant step forward in Accra (August 2008) by considering the importance of the conservation and sustainable development of forests and the enhancement of forest carbon stocks in any REDD mitigation strategy. Certain Parties have suggested naming such a strategy "REDD-Plus" in recognition of the conservation role of REDD actions¹⁰². A REDD-Plus agreement would include activities to maintain and improve carbon stocks by sequestration, through forest management activities, for example. This agreement differs from a simple "REDD" agreement, which merely reduces the amount of carbon released into the atmosphere simply by avoiding deforestation or forest degradation¹⁰³.

102. FCCC/AWGLCA/2008/CRP.5.

103. Parker, *et al.*, 2009.

The choice of activities will have a major impact on the mitigation potential of REDD activities (which will be higher if a REDD-Plus agreement is adopted) and on their cost. In addition, a REDD-Plus agreement implies using sequestered carbon quantification methods and monitoring systems which required extensive accounting capabilities. Norway proposes a multi-phase approach, for example, integrating new activities gradually as country capabilities increase with a view to covering lands during the final phase.

The definition of a global quantitative or qualitative objective for the REDD is another question. Most developing countries are against this, believing that the REDD is "voluntary" and that REDD actions must not be held to a global objective. Certain countries are also concerned by the profitability of REDD actions, considering that fixing a global objective could increase the cost of REDD actions in the future.

This question is also linked to reference emission levels for deforestation and degradation and for conservation, stock increases and sustainable management of forests. The countries should decide on the need to establish these reference levels and especially the need for sub-national reference levels, as this second option would challenge data availability. On this question, many developing countries favour an approach which is not restricted to the national scale exclusively but which also encourages the implementation of sub-national programmes.

Reference levels are another crucial issue for financing REDD actions. The developed countries want the developing countries to show that the financed REDD actions will actually prevent emissions and are thus orientated towards the performance goals. Certain countries have therefore asked for the REDD actions to be considered as NAMA so that they can be registered and subject to the MRV recommendations of developing country NAMA. For the results-based approach, many developing countries have stated that the REDD should firstly be based on a learning-by-doing approach.

Financing REDD actions

Financing REDD actions, under either a REDD or a REDD-Plus mechanism, is a major sticking point between the Parties. They mainly have to agree on a choice between two main sources of financing for REDD actions, namely recourse to a fund (either a unique REDD fund or a wider fund containing a REDD section) or using a market or compensation mechanism. There is also a proposal for several phases calling on two sources of financing, using different proportions at each phase starting from a fund-based financing mechanism and moving towards a market mechanism

(Norway). Argentina supports this approach¹⁰⁴ which attempts to mitigate the criticisms directed against the use of markets, like the lack of mechanisms insuring against the risk of non-permanence of GHG emission reductions generated by the REDD activities (such a mechanism could effectively be introduced within a few years based on the lessons learned from REDD activities financed by funds).

This approach should also ensure long-term financing for the REDD activities as many Parties do not view uniquely fund-based financing as viable in the long term. In addition, gradual recourse to the markets to finance REDD activities would avoid flooding the carbon market with REDD exchangeable credits. This credit surplus would reduce the credit prices in these markets and discourage national implementation of more costly mitigation measures. The combined approach also attempts to allay the fears of some developing countries which do not wish the REDD credits to constitute the means whereby Annex I Parties can offset their emissions at little cost.

Significant progress was made in August 2010 on a future REDD mechanism. However, the negotiations were slowed by the introduction of proposals involving re-opening the text on the provisions for financing, which had apparently reached consensus during previous sessions. Some countries like Bolivia, supported by Saudi Arabia, wish to exclude the possibility of generating compensatory credits based on REDD actions^{105, 106}.

Note nevertheless that substantial progress was made in the REDD by holding side meetings to the AWG-LCA. The Paris-Oslo REDD-Plus process, initiated by Norway and France and also known as the REDD-Plus Partnership, has prompted several countries into creating a concrete interim partnership encouraging more effective, transparent and coordinated REDD-Plus action in parallel to the UNFCCC negotiations, which this partnership hopes to inspire. In addition, in Bonn (August 2010) and Tianjin, meetings of partner States were facilitated at the same time as the AWG negotiations. The Parties agreed in particular on an activity work programme, including:

- developing a database on the financing, actions and results of REDD-Plus activities;
- developing an independent report on the financial gaps and overlaps from REDD-Plus activities;
- developing an independent report on the effectiveness of multilateral REDD-Plus initiatives;

104. FCCC/AWGLCA/2010/MISC.2, p.8.

105. FCCC/AWGLCA/2010/MISC.2, p.8.

106. IISD 2010c, p.5.

- promoting a mechanism to share experiences acquired under REDD-Plus initiatives, including promoting good practices and cooperation between partners; and
- institutional arrangements.

An Internet site was also set up once the work programme was adopted¹⁰⁷.

REDD-related issues

What activities will be permitted under REDD?

Should an objective for REDD actions be set or should they be based on a voluntary approach? Should they respond to a results-orientated approach?

Should reference emission levels and national and sub-national reference levels be established?

Should REDD actions be considered as NAMA?

What is the preferred mechanism for the financing: a fund (either a unique REDD fund or a wider fund with a REDD section) or a market or compensation mechanism or a gradual, combined approach?

What mechanism should be introduced to counteract the risks of non-permanence?

Cooperative sectoral approaches and actions specific to a given sector

The aim of sectoral approaches is to enhance the actions of Parties in specific sectors, such as agriculture, transport or energy. The Parties disagree over the nature of these approaches. Several developing countries have shown their willingness to consider sectoral approaches only in the context of technological cooperation. Some developed countries, however, view sectoral approaches and sector-specific actions as a way of contributing to their QELRO or mitigation efforts of developing countries through the concentration of GHG emission reduction actions in large emitting sectors not covered by the Kyoto Protocol (aviation or maritime transport, for example).

During the negotiation sessions, many developed countries interpreted sectoral approaches as inevitably giving rise to GHG emission reduction objectives in aviation and maritime transport. These countries thus sought the opinion of the International Maritime Organization (IMO) and the International Civil Aviation Organization (ICAO) on potentially imposing reduction targets on these sectors and generating financing. The Cook Islands notably proposed financing adaptation and mitigation actions of developing countries, especially in SIDS and LDC, from this potential source of financing¹⁰⁸. The SBSTA has also examined this question.

107. See: <http://reddpluspartnership.org/en/>.

108. FCCC/AWGLCA/2010/MISC.5, p.2.

Maritime and air transport therefore remain the obvious choice for using sectoral approaches. Some countries have highlighted the potential restrictions for trade from sectoral approaches when applied to bunker fuels. The developing countries are therefore seeking reassurance that the principle of common but differentiated responsibilities is respected for actions relating to bunker fuels, to prevent them facing mandatory mitigation actions. Some developing countries have also asked that the revenues from actions in the aviation and maritime transport sectors benefit the most vulnerable countries. The agricultural sector has also been mentioned several times in the context of sectoral approaches, with some developing countries stating that they have more need of adaptation in this sector.

The developing countries fear that sectoral approaches could lead to the adoption of sectoral reduction objectives and are pressing for sectoral actions to be voluntary and developed nationally rather than internationally or regionally. They have reiterated their desire to limit sectoral approaches to technology development, diffusion and transfer and reject mandatory sectoral reduction objectives. In Cancún the Parties should therefore state what they understand by sectoral approaches, the sectors targeted by these approaches and the actions to be taken within them, especially maritime transport and aviation.

Issues relating to cooperative sectoral approaches and actions specific to a given sector

What should be the nature of cooperative sectoral approaches and actions specific to a given sector? Should sectoral approaches be considered solely in the context of technological co-operation or more broadly as a chance to set an emission reduction objective in specific sectors?

Should they be voluntary? Should they be applied nationally, regionally or internationally?

Which sectors should be targeted by these approaches?

Approaches designed to improve the cost/effectiveness ratio of mitigation actions, including the markets

This agenda item focuses on the crux of the disagreement between the developing and developed countries on the scope and objectives to be given to the role of market mechanisms in the context of mitigation. In Tianjin, the central issue was whether the decision should focus particularly on the use of markets or deal with the various potential approaches for adoption, including the markets. This will be a central issue in Cancún.

Other issues have to be resolved to reach a decision on the topic. The first is the limiting and complementarity of these mechanisms with developing country mitigation actions. Some developing countries, Bolivia for example¹⁰⁹, would like to restrict the use of market mechanisms by the developed countries so that they do not replace the national mitigation actions within these countries and do not constitute a chance to compensate their emissions. The majority of developed countries are nevertheless against introducing a limit on the use of compensatory credits generated through market mechanisms, to maintain compliance with their GHG emission reduction commitments. Many developed countries in fact view market mechanisms as a way of increasing the commitment level of the private sector and involve the developing countries by sharing emission reduction costs. The developed countries, like Australia, are therefore pressing for the central role of market mechanisms to be recognized in the future Agreement¹¹⁰.

The Parties must also agree on whether efforts in this area should focus on improving existing mechanisms or creating new ones. On this point, a large number of LDC have frequently deplored the numerous barriers to their participation in the markets, especially through the clean development mechanism (CDM). In terms of creating new market mechanisms, the current negotiating text envisages the possibility of asking the SBSTA to examine the creation of miscellaneous mechanisms based on the following principles: fair access; voluntary participation of countries; promotion of technological transfers; incentive to reduce emissions in an economic segment; encouraging private investment; and additionality¹¹¹. Certain countries support the creation of new mechanisms, where the scope would extend beyond project level; China, Brazil and Saudi Arabia are against this, however¹¹².

In 2009, the European Union had, for example, proposed introducing a sectoral crediting and trading mechanism in the developing countries with a so-called "no loss" target¹¹³. This target relates to a lower emission level than the business-as-usual emission level. The "no loss" refers to the lack of penalties due to failure to meet the target. Credits would be issued for any emission reductions over target. A proposal to introduce a crediting and trading mechanism based on the NAMA has also been tabled. This is seen as an opportunity to remedy the current CDM limits by extending its scope to domestic programmes and policies. Many developing countries oppose financing NAMA based on market mechanisms and wish to encourage public sources of financing.

109. FCCC/AWGLCA/2010/MISC.2, p.8.

110. FCCC/AWGLCA/2010/MISC.2/Add.1, p.5.

111. FCCC/AWGLCA/2010/14, p.68.

112. IISD, 2010, p.11.

113. IISD, 2009a, p2.

Issues relating to approaches designed to improve the cost/effectiveness ratio of mitigation actions, including the markets

What should be the scope and objectives of market mechanisms in the context of mitigation?

Should recourse to market mechanisms be limited, to comply with emission reduction objectives?

Should the focus be on improving existing mechanisms or creating new ones?

Economic and social consequences of response measures

A large number of developing countries fear they may suffer from the negative consequences of response measures to climate change implemented by developed countries. As a rough guide, countries with economies principally based on fossil fuel exports fear that the mitigation actions implemented in the developed countries urging a reduction in fossil energy consumption will have a negative impact on their economies. The main concern of developing countries is the commercial measures against imports from developing countries. Several developing countries have therefore suggested banning these measures.

Faced with this fear, the developing countries wish the developed countries to minimize the potential effects of response measures and some believe that the efforts should focus on the most vulnerable countries. The interest in the LDC and SIDS has re-opened the debate on categorizing developing countries. Saudi Arabia states that all the developing countries are vulnerable to response measures of developed countries¹¹⁴. Note that the current negotiating text contains provisions to ban unilateral measures which effectively restrict trade of products from developing countries based on grounds related to climate change¹¹⁵. The developing countries have also requested that the developed countries provide the necessary financing and technologies to face up to the response measures.

Another issue on this topic is the creation of a discussion and information forum responsible for assessing the economic and social consequences of response measures. The idea of this forum is supported by the developing countries, but the developed countries do not favour this option, preferring discussions to take place via the national communications¹¹⁶. The developed countries fear especially that granting this forum the power to assess their measures impinges on the principle of sovereignty. As this issue is also addressed by the subsidiary bodies and the AWG-KP, some Parties have suggested waiting until they have drawn their conclusions before any decision is made.

114. IISD, 2010, p.11.

115. FCCC/AWGLCA/2010/14, p.26.

116. IIDD, 2010b, p.11.

Main issues on the economic and social consequences of response measures

To what extent should the developed countries minimize the potential consequences of response measures on the developing countries?

Should developed country efforts be focused on the most vulnerable countries?

Should a discussion and information forum be created to assess the economic and social consequences of response measures or would it be preferable to use national communications? What role would this discussion forum play?

What should be the link between these debates and the potential decisions made under the AWG-KP mandate on the same topic?

Enhanced action on the provision of financial resources and investment to support mitigation and adaptation actions and technological cooperation

The outcome of the AWG-LCA work is expected to lead to enhanced action regarding the provision of financial resources and investment to support mitigation and adaptation actions and technological cooperation¹¹⁷. This has been discussed extensively within the AWG-LCA since the Bali Conference. The Parties have evoked the financial aspects when discussing adaptation, mitigation and technology in addition to holding discussion sessions specifically on financing. The sources of financing to be mobilized, the MRV process for the financial support and the institutional arrangements have dominated the debates. Whereas the developing countries wish to make sure that they have easy access to ambitious and effective financing, the developed countries place the emphasis on good governance of the granting of financing. A major step forward on the institutional aspects occurred in Copenhagen with the stated intention of creating a Green Fund in the Copenhagen Accord (see Box 2). Nevertheless, the Parties should confirm the creation of this Fund by adopting a COP decision specifying its role and institutional organization.

117. Decision 1/CP.13.

Provision of financial resources

The Parties recognize that there is considerable gap between the adaptation and mitigation needs of developing countries and the financial resources currently available. Nevertheless, disagreement reigns over how to generate this financing. The United Nations Secretary General therefore created a High-Level Consultative Group on financing climate change in Copenhagen to inform the COP on innovative sources of financing. The Group presented part of its work in Tianjin and it plans to submit a final report in Cancún for use by the Parties in the debates on financing. Its role is however contested by many developing countries, mainly due to its informal structure.

Sources of financing

A large proportion of the debate on the sources of financing has been focused on the respective roles of the private and public sectors. The developing countries have generally defended the idea that the financing could come mainly from public sources, whereas the developed countries have emphasized the importance of the private sector, advocating combined financing from both sectors. Several developing countries have explained that private sector financing is not a predictable source.¹¹⁸ Many developed countries feel that it is highly unlikely that financial support from the public sector is sufficient. Several Parties have nevertheless underlined the need for public financing for mitigation, noting that the private sector does not normally finance adaptation actions, as they do not generate profit¹¹⁹. Countries are also still disagreeing over the role of the carbon market which is opposed by some countries, like Bolivia¹²⁰. In addition, many Parties have requested that the COP examines recourse to financing from auctioning emission permits under permit trading systems and a tax on bunker fuels used in maritime and air transport (Cook Islands and Botswana¹²¹).

With respect to the sources of public financing, the Parties have debated the question of knowing which countries should contribute to the financing. Based on a variety of principles, such as historical responsibility and the polluter-payer principle, several developing countries have asked that the financing comes from developed countries. Certain countries have nevertheless used these same principles as a basis for claiming contributions from all - including developing - countries, except the LDC.

118. UNDP, 2009b, p.8.

119. *Ibid.*

120. FCCC/AWGLCA/2010/MISC.2, p.8.

121. FCCC/AWGLCA/2010/MISC.2, p.40.

Access to financing

The majority of developing countries are pressing for access to financing to be direct and simplified. The developed countries have, however, signalled that direct access to financial resources goes hand in hand with responsibility and good governance¹²² and that resources must be allocated via performance-based mechanisms¹²³.

Scale of the financial support and the MRV of this support

The discussions have also covered the type of commitments which could consolidate the mobilization of financial resources. The developing countries call for the definition of precise financial objectives, frequently based on the GDP or the Gross National Product (GNP) of developed countries. Bolivia suggests, for example, that the developed countries contribute 6% of their GNP annually for financing purposes¹²⁴. Certain countries have also supported the granting of 100 billion US dollars per year until 2020. The developed countries nevertheless oppose proposals to establish a compliance regime for financial obligations.

In addition, many countries are calling for the inclusion of the fast-start financing provisions of the Copenhagen Accord (a grant of 30 billion US dollars during the 2010-2012 period) in the future agreement (see Box 2). In this respect, certain Annex I Parties have also promised financial support during 2010¹²⁵. An Internet site has been set up to report the amounts pledged so that the commitments announced by these countries can be monitored¹²⁶.

Several developing countries have also underlined the need for MRV commitments to mobilize the financial resources successfully. The developing countries have notably proposed creating a Finance Committee to supervise compliance with the MRV recommendations (see below "institutional arrangements"). Bolivia has also proposed a conformity mechanism to assess and verify commitments by developed countries by creating a monitoring and verification group within the future financing mechanism¹²⁷. South Africa favours setting up a common format to report on the financial support to facilitate the MRV process¹²⁸, whereas the developed countries tend more towards using national communications to report on the financial support granted.

122. UNDP, 2009b, p.6.

123. FCCC/AWGLCA/2010/14, p.38.

124. FCCC/AWGLCA/2010/MISC.2, p.8.

125. To access a World Resources Institute analysis of promised commitments by Annex I Parties, see: http://pdf.wri.org/climate_finance_pledges_2010-10-02.pdf.

126. See: <http://www.faststartfinance.org/content/contributing-countries>.

127. FCCC/AWGLCA/2010/MISC.2, p.8.

128. FCCC/AWGLCA/2010/MISC.3, p.9.

This question is also linked to the institutional arrangements. It will be important to determine whether the financial support granted by non-Convention mechanisms will be considered as part of the support required from developed countries.

Eligibility and differentiation criteria of developing countries

Some countries, including those in the Group of LDC, AOSIS and the European Union, are pressing for priority to be given to the most vulnerable countries as recipients of financing, including the SIDS, LDC and African countries, whereas other countries reject any categorization of developing countries. The Russian Federation has also stated that the countries with economies in transition should be able to receive financing under certain conditions¹²⁹.

Institutional arrangements

Despite Parties agreeing on the need for effective mechanisms, the institutional arrangements and governance of the financing are still key issues in the AWG-LCA. Divergences cropped up in 2010 over whether the discussions should focus in priority on the proposed functions of financial institutions or on creating new institutions, the aim being to decide whether the existing institutions can fulfil the functions proposed or whether new institutions are necessary.

Setting up an institutional framework for the provision of financial resources

Developing countries prefer institutions created under the auspices of the UNFCCC given their overall disillusionment with the Global Environment Facility (GEF). Miscellaneous options have been suggested, including the creation of a multilateral Climate Fund, proposed by Bolivia¹³⁰, including setting up an Executive Committee, a group of experts and several financing windows for each of the themes financed. The developed countries, including the United States¹³¹, prefer to talk about a Green Fund or the Copenhagen Green Climate Fund (proposed by the European Union¹³²) and wish to constitute an operational entity for the financial mechanism of the Convention.

The debates have above all covered the roles of the structure of the fund and of its executive management entity. In terms of management, most developing countries are calling for the creation of a finance commission or committee which would su-

129. IISD, 2010b, p.12.

130. FCCC/AWGLCA/2010/MISC.2, p.8.

131. FCCC/AWGLCA/2010/MISC.2, p.80.

132. FCCC/AWGLCA/2010/MISC.6/Add.1, p.5.

pervise compliance with the MRV recommendations of the financial support and the work of operational technical committees set up for each of the financing themes. China, for example, supports a multi-window system established for each of the themes to be financed¹³³. The plan is that the adaptation, capacity-building and technological support mechanisms have a financing window and play a consultative technical role. Pakistan is proposing, for example, that the finance committee prepares guidelines for each operational entity attached to it and monitors the flow of financing to the developing countries¹³⁴. The role of the Technology Executive Committee is also considered by the developing countries, to recommend technology development and transfer actions eligible for financing.

In this respect, the Parties must also agree on actions to be financed, i.e. mitigation, adaptation, REDD-Plus, technology development and transfer and capacity-building. The Middle-Eastern countries would also include carbon capture and storage activities. In addition, certain countries have supported fixing a percentage share of financing allocated to each of these themes to maintain a balance between adaptation and mitigation financing.

Most developed countries, including the United States, take the view rather that the new financial mechanisms should be based on the existing institutions like the GEF. Certain developing countries, like Argentina¹³⁵, are open to using the existing multilateral institutions for the fiduciary and implementation aspects. India and the United States have also suggested the inclusion of a NAMA registry in the future financing mechanism^{136, 137}. Other Parties have emphasized the role of the financing mechanism in cross-referencing the financial support proposed with the developing country NAMA. For this purpose, Pakistan suggests that the finance committee manages the future registry and prepares the financing registration directives. It would also be responsible for evaluating country contributions¹³⁸.

Many Parties believe that a decision must be made in Cancún on creating a Fund, adopting a precise timetable for setting this up. Some envisage the interim functions of administrator and secretariat being entrusted respectively to the World Bank and the UNFCCC Secretariat. Many developing countries are also pressing for the creation of a finance committee through this decision. Other countries mention the possibility of delegating the design of the fund to a specialized entity, like the ad hoc

133. IISD, 2010b, p.6.

134. See: http://www.eurocapacity.org/downloads/Presentation_Geneva_Dialogue.pdf.

135. FCCC/AWGLCA/2010/MISC.2, p.10.

136. FCCC/AWGLCA/2010/MISC.2/Add.1, p.6.

137. FCCC/AWGLCA/2010/MISC.2, p.80.

138. See: http://www.eurocapacity.org/downloads/Presentation_Geneva_Dialogue.pdf.

finance committee proposed by the European Union and the Group of LDC)¹³⁹. The United States has suggested a meeting of Finance Ministers in 2011 to decide on the instrument of governance and a selection process for the committee¹⁴⁰.

Governance of financing structures

Governance of the financial framework is of the utmost importance as each Party wants to make sure it is represented in the structures which will be agreed, especially the potential fund management committee. Most developing countries wish to see future financing structures, including the fund and management entity, placed under the auspices of the Convention.

As for the role of the COP, the majority of Parties see it running the financial mechanism. Nevertheless, the idea that the mechanism operates also under the authority or supervision of the COP, proposed by several developing countries, including the African Group and AOSIS¹⁴¹, is not finding consensus, particularly among the developed countries. The developing countries also emphasise the importance of a fair and balanced representation of Parties, several referring to the governance structure of the Adaptation Fund, Argentina, for example¹⁴² (see section 4.1). Several countries have suggested that the composition of the Fund management entity be based on a geographical balance, whilst others agree with the European Union proposal of representation shared between recipients and contributors¹⁴³.

Financing-related issues

What scale of financing should be granted by the developed countries? Should it be based on the GDP of developed countries? Which criteria should apply to this financing (e.g. private source, public source, additional, predictable financing)?

How should the provision of financing be quantified and its allocation be coordinated? What would be the preferred monitoring mechanism?

Should a new fund be created? What would be the management structure for this fund?

Should a fund management entity be created?

What would be its role? Should it supervise the work of operational entities created for each financing theme? Should it be placed under the authority of the COP? Would it have a role to play in monitoring and evaluating the granting of financing by developed countries and in coordinating financing with the NAMA seeking financing?

139. FCCC/AWGLCA/2010/MISC.6/Add.1, p.6 and 7.

140. FCCC/AWGLCA/2010/MISC.6/Add.1, p.10.

141. FCCC/AWGLCA/2009/MISC.4 (Part I).

142. FCCC/AWGLCA/2010/MISC.2, p.10.

143. IISD, 2010c, p.6

Enhanced action in technology development and transfer to support mitigation and adaptation actions

The question of technology development and transfer has gained more importance under negotiations on a post-2012 regime. The relevance of this question comes mainly from the tremendous technological challenge posed by the need to reduce GHG emissions in the developed countries and the importance of technology transfers to encourage implementation of mitigation and adaptation actions in developing countries. Although several countries have underlined the need to expand technology development and transfer, the Parties are continuing to discuss questions of intellectual property rights and sources of financing. Regarding the institutional framework, the Parties should specify the functions of the future technology mechanism including a Technology Executive Committee and a Climate Technology Centre and Network.

Cooperation in technology research, development and transfer

Intellectual property rights represent a stumbling block in negotiations on technological cooperation. The G-77/China has stated several times that these rights are an obstacle to technology transfer and miscellaneous developing countries have requested a dispensation from intellectual property rights for technologies with low GHG emissions¹⁴⁴. Other measures and mechanisms, such as voluntary licences, pooling patents and placing them in the public domain have been proposed to address this question¹⁴⁵. A proposal has also been made to create a world reserve of intellectual property rights for climate change technologies, to promote the technologies and know-how protected by these rights and give developing countries access to them without having to pay a fee¹⁴⁶. Nevertheless, the majority of developed countries oppose any modification to the current regime for intellectual property rights, in the belief that their protection is fundamental in promoting the development of new technologies.

Role and functions of institutions

Consensus seems to have emerged in 2010 on creating a mechanism for technologies including a Technology Executive Committee and a Climate Technology Centre and Network. The Parties must now agree on their respective functions and connection. The plan is for the Climate Technology Centre and Network to provide technical support to developing countries to speed up technology transfer. It would report to the Technology Executive Committee. Underlining the consultative role of these entities, the developed countries favour a multiple functionality for the Technology Executive Committee and the Climate Technology Centre and Network by

144. Murphy, *et al.*, 2009, p.8.

145. FCCC/AWGLCA/2010/MISC.2/Add.1, p.6.

146. FCCC/AWGLCA/2010/14, p.46.

providing recommendations on adaptation and mitigation needs (European Union) and assistance in developing NAMA (Japan)¹⁴⁷. The developing countries, however, consider that the Technology Executive Committee should establish the priorities for the Climate Technology Centre and Network and that the Committee's main role should be to supervise the implementation of technological transfers and ensure financing through recommendations on the financial arrangements. To achieve this, many developing countries, like Bolivia, suggest that the Technology Executive Committee is linked to a financing mechanism to bridge the gap between the needs and the available financing¹⁴⁸. The Technology Executive Committee would also play a supervisory and verification role MRV process for technological support from developed countries.

Developing countries are diametrically opposed to developed countries over the autonomy of the Technology Executive Committee, preferring it to be fully autonomous and reporting directly to the COP. The developed countries support the option of placing the Technology Executive Committee under the auspices of the SBSTA so that it reports to the COP. Further disagreement has arisen over whether the Technology Executive Committee should take on the management of issues relating to intellectual property rights.

Issues relating to technology development and transfer

How should the technologies and know-how for reducing GHG emissions protected by intellectual property rights be promoted and access be given to developing countries?

Should a future mechanism for technology development and transfer be introduced? What would be its functions?

What would be the operational entities of the future mechanism? Should a Technology Executive Committee and a Climate Technology Centre and Network be created? What would be their roles? Would they play a role in financing technology development and transfer or in managing issues relating to the intellectual property rights?

Enhanced action for capacity-building

Capacity-building in developing countries is mentioned in several paragraphs in the Bali Action Plan dealing with mitigation, adaptation and financing¹⁴⁹. The developing countries now wish to keep the mentions made in these chapters and adopt a separate chapter specific to capacity-building. The developed countries, on the other

147. IISD, 2010b, p.7.

148. FCCC/AWGLCA/2010/MISC.2, p.8.

149. In paragraphs 1b)ii), 1c)i) and 1e)vi) respectively.

hand, would prefer to rationalize the text, by splitting the text on capacity-building between the other chapters. The G-77/China has emphasized the need to keep capacity-building in a separate chapter and specific negotiation sessions on this theme have taken place throughout 2010.

In addition, the G-77/China support the creation of a technical committee on capacity-building underlining the inadequacy of the current arrangements; the developed countries are against creating new institutions and AOSIS has also warned against institutional overlaps¹⁵⁰. Developing countries which support the creation of new institutions believe that they would ensure the granting of specific financing for capacity-building. These countries also wish the financial support provided to be evaluated using performance indicators. The developed countries favour recourse to national communications to evaluate the support provided. There is further disagreement, this time over whether the Annex I Parties with economies in transition can benefit from technical assistance in capacity-building in the same way as the developing countries.

The debates on capacity-building also cover the international cooperation objectives in this field. For example, the Parties have underlined the need to build up the capacities of developing countries in numerous activities, such as education and public awareness-raising, developing and implementing action plans and mitigation and adaptation programmes.

In addition, as the question of the link between capacity-building and institutional arrangements is connected to the question of financing mechanisms, many developing countries have seized the opportunity to underline the insufficiency of the current financial mechanisms and to propose that financing is granted through a multilateral capacity-building fund. On this topic, the developed countries prefer the use of existing channels for bilateral and multilateral financing.

Issues related to capacity-building

Should capacity-building have its own specific provisions with a post-2012 agreement or should it be included in the support provided for developing country mitigation and adaptation actions?

Should a technical committee for capacity-building be created? What would be its functions? What link would it have with the financial mechanism?

How should financing by developed countries be ensured? Should performance indicators be established to measure the support provided? Should the support be reported in the national communications of developed countries?

150. IISD, 2010b, p.7.

3.2 AWG-KP work programme

The main mandate of the *Ad Hoc Working Group on the further commitments for Annex I Parties under the Kyoto Protocol* (AWG-KP) is to agree on the GHG emission reduction targets for Parties included in Annex I for the post-2012 period and how these reductions can be achieved (see Box 6)¹⁵¹ In concrete terms, it was agreed that the AWG-KP would submit to the *5th Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol* (CMP-5) in Copenhagen draft amendments to the GHG emission reduction commitments by Annex I Parties, as provided for in Article 3.9 of the Kyoto Protocol¹⁵². In Copenhagen, the marked differences over the scale of GHG emission reduction targets impeded reaching consensus on a draft amendment to the Kyoto Protocol. The mandate of the AWG-KP was therefore extended to the CMP-6 in Cancún¹⁵³.

In 2010, the Parties' discussions have been based on the documentation prepared by the Chair of the AWG-KP to "*facilitate the negotiations between the Parties*". The documentation assembles the conclusions adopted during the previous sessions and summarizes the miscellaneous Party positions. Its main aim is to help reduce the number of options for the various issues. An important stage was overcome in August 2010 when the Chair of the AWG-KP presented a draft proposal on examining new commitments of Annex I Parties under the Kyoto Protocol¹⁵⁴, the first step on the path to presenting draft decisions to the CMP-6.

Nevertheless, attempts by some developed countries, like the United States and Japan, to achieve a single agreement under the *Ad Hoc Working Group on Long-term Cooperative Action* (AWG-LCA) to avoid extending the Kyoto Protocol after 2012 affected the negotiating atmosphere in the AWG-KP. These attempts fuelled the scepticism of developing countries over the ambition level of emission reductions to be made by developed countries. In addition, the publication of the technical note requested by the AWG-KP to examine the legal implications of a potential gap between the two commitment periods and the proposed options for avoiding a gap proved controversial¹⁵⁵. The debates on this note raised doubts in the minds of developing countries over the willingness of developed countries to embark on a second commitment period under the Kyoto Protocol.

Note that the continuity of two commitment periods implies that the amendments made to the Protocol would enter into force before 1 January 2013. If this date is to be met, the CMP has to adopt these amendments at its sixth (2010) or

151. FCCC/KP/AWG/2007/5, par. 22 c).

152. *Ibid.*

153. Decision 1/CMP.5.

154. FCCC/KP/AWG/2010/CRP.2.

155. FCCC/KP/AWG/2010/10.

seventh (2011) session and three quarters of the Parties to the Kyoto Protocol (143) have to ratify the amendments before 3 October 2012. Table 3 lays out the options proposed to avoid a potential gap between the two commitment periods and analyses their feasibility and relevance.

TABLE 3 :
OPTIONS PROPOSED TO AVOID A POTENTIAL GAP BETWEEN THE TWO COMMITMENT PERIODS¹⁵⁶

Option	Feasibility/Relevance
Amendments to Articles 20 and/or 21 of the Kyoto Protocol to modify the procedure for entry into force of amendments to the Protocol and to Annex B in order to speed up their implementation	<p>As the entry into force of such amendments is subject to the current provisions of Article 20, they have to enter into force before substantial amendments can be adopted, potentially causing long delays.</p> <p>It is however possible that procedural amendments are adopted in anticipation of substantial amendments, at the sixth session of the CMP for example, in the hope that they enter into force in time to be applied to any substantial amendment adopted at the seventh session of the CMP.</p>
Amendment to Article 9 of the Kyoto Protocol	<p>This option would allow the CMP to adopt amendments to Annex B by a four-fifths majority if all the efforts to reach an agreement by consensus are in vain.</p> <p>Such amendments would enter into force six months after adoption unless the CMP decides otherwise when the amendment is being adopted.</p>
Provisional application of an amendment to the Kyoto Protocol whilst awaiting its entry into force	<p>The amendment may be applied provisionally if it is so arranged or if the States involved in the negotiation have so agreed. The provisional application ends for a State when it notifies the other States of its intention not to become Party to the treaty.</p> <p>To ensure compatibility with national legislation, the provisional application can specify that its entry into force for the signatories only takes place insofar as this provisional application is not incompatible with their constitution or their laws and regulations. Such a condition of compatibility with national legislation can raise uncertainties over the application of a treaty in this or that State.</p>

156. FCCC/KP/AWG/2010/10.

Option	Feasibility/Relevance
Provisional application of an amendment to prolong the first commitment period	<p>This provisional application clause may be included either in the actual amendment to the Kyoto Protocol or in a CMP decision adopting such amendments in accordance with Articles 20 and 21 of the Protocol.</p> <p>Such an amendment would integrate more easily with existing national legislation, but it may be necessary to follow internal legal procedures.</p>
CMP decision to prolong the first commitment period	<p>The CMP can decide to prolong the first commitment period through a decision, acting in accordance with paragraph 4 of Article 13 of the Kyoto Protocol.</p> <p>However, such a decision would not be legally binding, simply a political commitment.</p>

BOX 6. AWG-KP work programme¹⁵⁷

The *Ad Hoc Working Group on the further commitments for Annex I Parties under the Kyoto Protocol* (AWG-KP) work programme hinges on three analyses:

1. Consideration of the scale of GHG emission reductions to be achieved by Annex I Parties in aggregate;
2. Consideration of the contribution of Annex I Parties, individually or jointly to the total volume of emission reductions to be achieved by them in aggregate;
3. Other questions:
 - the duration of the commitment period(s);
 - how quantified emission limitation and reduction objectives could be expressed, which includes how the base year is expressed;
 - potential improvements to emissions trading and the project-based mechanisms;
 - the definitions, modalities, rules and guidelines for dealing with Land Use, Land Use changes and Forestry (LULUCF) in the second commitment period;
 - the scope of the list of GHGs, sectors and source categories and the common metrics to calculate the CO₂ equivalence of anthropogenic emissions by sources and removals by sinks; and
 - consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties.

157. FCCC/KP/AWG/2008/8.

The GHG emission reductions to be achieved by Annex I Parties, individually, jointly and in aggregate

Having agreed on the reference to the fourth report by the third working group of the Intergovernmental Panel on Climate Change (IPCC), the AWG-KP took a major step forward in 2007 by agreeing on the need for Annex I Parties to reduce their emissions by 25% to 40% below 1990 levels by 2020¹⁵⁸. In Poznań, the AWG-KP also estimated that reductions to be made in Annex I Parties would have to be considerably higher than those recommended by IPCC, should only Annex I Parties be obliged to reduce their GHG emissions¹⁵⁹.

Based on these observations, the AWG-KP is responsible for determining the scale of GHG emission reductions to be achieved by Annex I Parties in aggregate and the individual or joint contribution to be made by each of these Parties to reducing GHG emissions. In Poznań in 2008, the Parties agreed on the form of new commitments by Annex I Parties for the next commitment period, namely the Quantified Emission Limitation and Reduction Objectives (QELRO)¹⁶⁰. The Parties did not, however, reach consensus in Copenhagen on the scale of GHG emission reductions to be achieved by the Annex I Parties.

Certain of these Parties have put forward proposals for individual reductions starting in 2009 then during 2010, mainly as reduction percentages over a reference year, to be achieved by 2020 (see Table 4). The AWG-KP now has the task of converting these objectives into emission reduction commitments for the future commitment period(s) and ensuring that an ambitious global emission reduction objective is achieved. In addition, the AWG-KP must also consider other questions, which some countries wish to see resolved before examining reduction targets. These include recourse to flexibility mechanisms and the Land Use, Land Use changes and Forestry (LULUCF) regime. As the accounting rules for emissions and removals from the LULUCF sector have a major impact on emission levels of Annex I Parties, the Parties prefer firstly to agree on these rules for the post-2012 period before deciding on emission reduction objectives.

158. FCCC/KP/AWG/2007/L. 4.

159. FCCC/KP/AWG/2008/8.

160. *Ibid.*

Scale of GHG emission reductions to be achieved by Annex I Parties

The scale of GHG emission reductions of Annex I Parties forms the crux of the AWG-KP discussions. Several Parties have evoked individual and joint objectives using different references (see Box 7 and Table 4). The European Union, for example, is committed to reducing its emissions by 20% by 2020 compared with 1990 levels and by a further 10% if the other developed countries (including the United States) commit to similar reductions and if the most advanced developing countries commit to contributing to this objective based on their respective responsibilities and capabilities¹⁶¹. Many developed countries, including Australia and the European Union, have therefore made ambitious commitments contingent on the participation of emerging countries in addressing climate change internationally (see Table 4). In addition, Australia, supported by Japan and Norway, has asked to broaden the debate within the AWG-KP to include commitments by all countries, including the developing countries and the United States¹⁶². Other Annex I Parties have also indicated minimum and maximum targets.

This approach to setting objectives, called "bottom-up" and conditional, is not unanimous among the Parties. Non-Annex I Parties, including those in the G-77/China¹⁶³, would prefer a top-down approach, whereby a global emission reduction objective for Annex I Parties could be fixed on the basis of scientific information and GHG emission reductions could be distributed between these Parties according to capacity criteria. China has, for example, proposed an objective of 40% by 2020 compared with 1990 for Annex I Parties¹⁶⁴. Concerning the conditionality of objectives, the United States has not ratified the Kyoto Protocol and does not therefore wish to discuss its emission reductions in the context of discussions on the reduction objectives under the Protocol of Annex I Parties¹⁶⁵. Recalling that the sum of the objectives indicated to date is the equivalent of a reduction of 17% to 25% by 2020 compared with 1990¹⁶⁶, certain developing countries have pointed out that the objectives communicated individually by some Annex I Parties would achieve no more than 1% to 7% effective emission reductions if the technical rules, like the LULUCF rules, are taken into consideration¹⁶⁷. Organizations have listed the statements of these countries

161. *European Union Communication to the UNFCCC Secretariat* dated 28 January 2010, see: http://unfccc.int/files/meetings/application/pdf/europeanunioncphaccord_app1.pdf

163. IISD, 2010b, p.14.

164. IISD, 2010e, p.1.

165. IISD, 2010b, p.14.

166. FCCC/KP/AWG/2010/INF.2/Rev.1, p.11.

167. IISD, 2010c, p.9.

and analyzed the impact of emission reduction targets on the probable rise in temperature in order to monitor changes in objectives stated by the Annex I Parties throughout 2010. These sites include, for example, the Ecofys Climate Action Tracker¹⁶⁸ and Climate Analytics and the UNEP Climate Pledges Site¹⁶⁹ of the United Nations Environment Programme.

Bolivia has also called for the use of indicators (or benchmarks) to assess emission reduction objectives put forward by the Annex I Parties, including the financial and institutional capacities, the historical and current per capita emissions and the proportion of emissions required from developing countries to respond to the development needs of their populations and eradicate poverty¹⁷⁰. In addition, countries with economies in transition have asked that their targets be examined under a variety of parameters like the per capita GDP, the need for economic restructuring and population decline¹⁷¹.

Note that the current negotiating text indicates several global emission reduction targets for Annex I Parties, from 15% to 50% by 2017 and/or 2020 and from 80% to 95% by 2050 compared with 1990¹⁷².

168. See: <http://www.climateactiontracker.org/news.php>.

169. See: <http://www.unep.org/climatepledges/>.

170. FCCC/KP/AWG/2010/MISC.2, p.3.

171. FCCC/KP/AWG/2010/MISC.2, p.34.

172. FCCC/KP/AWG/2010/CRP.3, p.7.

BOX 7.

Different benchmarks for adopting reduction targets

The fourth IPCC assessment report provides different benchmarks to express various GHG emission reduction targets¹⁷³.

Reduction ranges expressed as a percentage

Since Bali, many Parties have taken up the 25% to 40% reduction range by 2020 compared with 1990, expounded by the IPCC, as a benchmark.

Stabilization of temperatures and atmospheric concentration

The IPCC has also produced various atmospheric concentration scenarios for carbon dioxide expressed in "parts per million" (ppm); these correspond to different ranges for limiting the rise in global temperature, expressed in degrees Celsius (°C).

Two main trends emerge from the negotiations:

- Parties seeking an atmospheric concentration below 450 ppm consider that this would mean a temperature rise of about 2°C at most and would require a global 50% reduction in emissions compared with 1990 by 2050 and a reduction in GHG emissions of Annex I Parties in aggregate of 80% to 90% by 2050 compared with 1990 levels.
- Parties speaking in favour of an atmospheric concentration below 350 ppm consider that this would correspond to a temperature rise of about 1.5°C at most and would require a global 85 % reduction in emissions compared with 1990 levels by 2050, i.e. a reduction in GHG emissions of Annex I Parties in aggregate of 40% by 2020 and 95% by 2050¹⁷⁴.

173. IPCC, 2007.

174. *Ibid.*

TABLE 4
INDIVIDUAL GHG EMISSION REDUCTION TARGETS PROPOSED BY THE PARTIES¹⁷⁵

Annex I Parties	Proposed national targets (% of GHG emission reductions)	Reference year	Target year	Contribution by the LULUCF	Contribution by flexibility mechanisms
Australia	25% if an ambitious global agreement emerges from the negotiations to stabilize GHG levels at 450 ppm or less (which is equivalent to 24% below 1990 levels). Unconditional 5% reduction.	2000	2020	Yes	Yes mitigation effort will be predominantly national
Belarus	5% to 10% depending on LULUCF rules	1990	2020	Yes	Yes
Canada	17% (not contingent on adopting a global agreement)	2005	2020	Yes Contribution evaluated between 2% removals and 2% emissions	Yes Contribution evaluated at 5% of total reductions made
Croatia	5 %	1990	2020	Yes	To be determined
European Union and its member States	20% to 30% on condition that developed and the most advanced developing countries commit to suitable mitigation actions to limit the temperature rise to 2°C.	1990	2020	Yes for the 30% target Contribution evaluated between 0.7 % removals and 2.1% emissions	Yes Contribution evaluated at 4% for the 20% target and 9% for the 30% target
Iceland	15% to 30% depending on the renewal of the current rules of the LULUCF sector.	1990	2020	Yes but substantial contribution	Yes but substantial contribution

¹⁷⁵. FCCC/KP/AWG/2010/INF.2/Rev.1.

TABLE 4 (suite)
INDIVIDUAL GHG EMISSION REDUCTION TARGETS PROPOSED BY THE PARTIES¹⁷⁵

Annex I Parties	Proposed national targets (% of GHG emission reductions)	Reference year	Target year	Contribution by the LULUCF	Contribution by flexibility mechanisms
Japan	25 %	2005	2020	Yes Contribution of forestry management activities evaluated between 2.9 % removals and 1.5 % emissions	To be determined
Kazakhstan	15 %	1992	2020	To be determined	To be determined
Liechtenstein	20% to 30% on condition that developed and the most advanced developing countries commit to suitable mitigation actions.	1990	2020	No	Yes
Monaco	30%	1990	2020	No	Yes
Norway	30% to 40% (scale of the target depends on the willingness of large emitting countries to agree on emission reduction ranges complying with the 2°C limitation objective). Carbon neutral in 2050.	1990	2020	Yes Contribution evaluated at 6% of 1990 emissions	Yes Contribution evaluated on a third of reductions in the benchmark scenario for the 30% target

TABLE 4 (suite)
INDIVIDUAL GHG EMISSION REDUCTION TARGETS PROPOSED BY THE PARTIES¹⁷⁵

Annex I Parties	Proposed national targets (% of GHG emission reductions)	Reference year	Target year	Contribution by the LULUCF	Contribution by flexibility mechanisms
New Zealand	10-20% (scale of the target will depend on the commitments made by the developed countries, efforts by the most advanced developing countries based on their capacities, an effective regime for the LULUCF sector, recourse to a carbon market and the adoption of a global agreement to limit the temperature rise to 2°C).	1990	2020	Yes	Yes
Russia	15% to 25%	1990	2020	Yes	To be determined
Switzerland	20% to 30% provided that the other developed countries make similar commitments and that the most advanced developing countries contribute to the mitigation effort according to their respective responsibilities and capacities.	1990	2020	Yes on the condition of current rules Contribution evaluated at between 0.45% and 7.55% of 1990 emission levels	Yes on condition of a limit of 50% of the target Contribution evaluated at 36% for the 20% target and 42% for the 30% target
Ukraine	20%	1990	2020	To be determined	Yes

Questions relating to GHG emission reductions

The questions relating to the reduction of GHG emissions by Annex I Parties are crucial in reaching consensus on the objectives of these Parties, as the decisions taken on these questions will influence the level of effort they have to make to meet their objectives. These questions cover the choice of reference year, the duration and number of commitment periods and the carryover of surplus assigned amount units (AAU) from one commitment period to the next. When considering these questions, many Parties have underlined the need to ensure the comparability of GHG reduction efforts by the Annex I Parties and to consider such factors as capacity, responsibility, the total level of GHG emissions, the potentials and costs of GHG emission reductions and the difference in national circumstances between countries.

Reference year

Mention has been made frequently of 1990 as the year to be used to ensure continuity with the first commitment period. Most developing countries wish to simplify matters by using 1990 as the unique reference year, thereby ensuring comparability of efforts. Certain Annex I Parties consider, however, that it would be inappropriate to adopt a single reference year for all Parties. Canada uses 2005 as the reference year to indicate its emission reduction commitments, for example (see Table 4).

Number and duration of commitment periods

Two main proposals on the commitment periods are emerging from the negotiations: five-year periods (a second from 2013 to 2017 and a third from 2018 to 2022) or eight-year periods (a second period from 2013 to 2020 and a third from 2021 to 2028). The developed countries prefer the second option, whereas most developing countries opt for the first, as it could mean revised objectives after five years.

Carryover of surplus AAU

The Parties should decide whether surplus AAU can be carried over and, if appropriate, to what extent. Many Parties, including Brazil and India¹⁷⁶, have asked for the impact of these reports on the emission reductions required by Annex I Parties to be quantified so that a decision can be made on this topic. As a rough guide, it is anticipated that the EU will have a surplus of about 1.5 to 2.5 gigatonnes of AAU at the end of the first commitment period¹⁷⁷. Some countries have suggested a tax on reported surplus AAU.

176. IISD, 2010b, p.14.

177. FCCC/KP/AWG/2010/MISC.2, p.30.

In addition, the link between the scale of the GHG emission reductions and the rules governing the Kyoto Protocol flexibility mechanisms and the LULUCF sector is also a major negotiation issue, where disagreement persists. Most developed countries want these rules to be defined before determining QELRO, to avoid reproducing the scheme of the first commitment period, during which reduction targets had been defined prior to agreement on the LULUCF rules.

Main issues of the GHG emission reductions to be achieved by Annex I Parties, individually, jointly and in aggregate

Which approach should be preferred in determining targets:

1) a top-down approach: defining a global objective for Annex I Parties and distributing this objective between them as individual targets; or

2) a bottom-up approach: validating individual commitments proposed by Parties?

If approach 1 is selected: what would be the basis for the fair distribution of the mitigation effort between the Parties? Which indicators should be used (e.g. GDP, per capita emissions, etc.)?

If approach 2 is selected: how can an ambitious global reduction objective be guaranteed? How can the comparability of individually-stated objectives be guaranteed?

How can the participation of the United States and large emitting non-Annex I Parties be guaranteed?

Should the rules for the LULUCF regime and flexibility mechanisms be defined before deciding the emission reduction objectives of Annex I Parties?

Should a single reference year be set for the reduction objectives?

How many commitment periods should there be and how long should they last?

Should the carryover of surplus assigned amount units (AAU) be allowed from one commitment period to the next? If yes, to what extent?

Flexibility mechanisms

Discussions on the flexibility mechanisms mainly focus on how much they can be used by the Annex I Parties to meet their commitments and the potential improvements to the Clean Development Mechanism (CDM) and the Joint Implementation (JI).

The use of flexibility mechanisms to meet emission reduction commitments

Under current Kyoto Protocol rules, the Parties subject to emission reduction targets can purchase units from the CDM and JI to meet their obligations. The majority of developing countries would like to restrict this option in preference for national GHG emission reductions by Annex I parties which comply with the principle of complementarity of the Protocol mechanisms. Several of them are therefore proposing to limit the use of flexibility mechanisms by Annex I Parties, especially the CDM, in the belief that they allow the developed countries to compensate their emissions through reductions costing less than within their own jurisdictions and that, therefore, the developing countries will have to pay for the most costly reductions in the future. More than 2,400 CDM projects had been registered by October 2010 and more than 439 million certified emission reductions (CERs) had been issued. It is anticipated that more than 1.83 billion CERs will have been granted by 2012¹⁷⁸. By way of comparison, that represents over 10% of emissions by Annex I Parties in 1990¹⁷⁹.

Developed countries have referred to the Convention principle of the lowest cost for GHG emission reductions to reject the idea of imposing limits on the use of units from the CDM and JI. Not all developed countries refuse categorically to see a limit imposed on the use of flexibility mechanisms, but would like this limit to be determined once the reduction objectives have been defined.

Modifications likely to be made to the flexibility mechanisms

Regarding the CDM, there is talk of including more activities, like those relating to carbon capture and geological storage, and nuclear activities in new facilities which entered operation on or after 1 January 2008. The Subsidiary Body for Scientific and Technological Advice (SBSTA) is also considering these issues (see Section 4.8).

Some methodological modifications are also considered, like the establishment of standardized or normalized baselines intended to facilitate the implementation of CDM activities. The standardized reference level constitutes a performance threshold with which a project activity is compared to quantify the GHG emission reductions achieved. Individual projects could therefore be cheaper to develop and investment in CDM projects could be more predictable. Numerous data per region and/or per sector have to be collected to establish these reference levels. Whereas for certain sectors, one reference level could be used for all activities, the specific features of activities in some other sectors would require a reference level for each activity.

178. See: <http://cdm.unfccc.int/index.html>.

179. The GHG emissions in 1990 of Annex I Parties were 18,000 megatonnes of CO₂ equivalent, according to Climate Analysis Indicators Tool (CAIT), version 7.0. (Washington, DC: World Resources Institute, 2010).

The use of discount factors of the number of CERs granted for the CDM projects are also being discussed in the AWG-KP. The discount factors are intended to reduce the number of CERs which would normally be granted to a project for specific reasons, like the low additionality of the project. This type of factor can also prove a counter-incentive to implementing certain projects, including those practised in advanced developing countries, undesirable ones or those with few associated social benefits. These factors could therefore provide an indirect incentive to projects in LDCs, desirable projects or those with major environmental and social benefits¹⁸⁰. Factors such as these nevertheless raise inventory reduction and deduction accounting compatibility issues as the units granted would not represent the actual number of tonnes of GHG reduced.

There is also a proposal to require the Annex I Parties to use CERs generated by projects in host countries with less than ten projects, or in LDCs or African countries, up to a specific percentage (say 10%) of all CERs acquired to fulfil their mitigation commitments. These proposals are aiming mainly to widen the geographical distribution of CDM projects and encourage the implementation of projects in specific sectors, especially by making it easier to demonstrate the additionality of the project or specific recognition given to the project. There has also been talk of increasing the CERs contribution to the Adaptation Fund (currently 2%) and of requiring Parties to Annex B under the Protocol to transfer some of their AAU and their removal units (RMU) to the Adaptation Fund.

Parties are also discussing the creation of new market mechanisms which would encourage the voluntary participation of developing countries. The creation of an accreditation mechanism based on nationally appropriate mitigation actions (NAMA) implemented by developing countries not included in Annex I, supported mainly by South Korea¹⁸¹, is also being discussed. The European Union has for example suggested an accreditation mechanism for economic sectors¹⁸². Developing countries would use this mechanism to fix an emissions threshold below the emissions level which corresponds to business as usual. Any drop in emissions beyond the threshold would be rewarded by the granting of a unit. Thus, this mechanism could be used by developing countries to obtain credits or units by implementing national actions in a given sector and selling them to Annex I Parties which would use them for compliance purposes.

180. Sterk, W. *et al.*, 2009.

181. FCCC/KP/AWG/2009/MISC.9, p.42.

182. FCCC/KP/AWG/2010/MISC.5/Add.1, p.8.

Main issues of the flexibility mechanisms

Should a limit be imposed on the use of units from flexibility mechanisms? Which bases should be used to define this limit (e.g. as a percentage of emission reductions achieved; on an individual or collective basis)?

Should the scope of applicability of flexibility mechanisms be widening by allowing new activities?

How can demonstrating the additionality of CDM projects be improved? Is establishing standardized or normalized baselines one way of reducing the current obstacles?

Which mechanisms could encourage the implementation of specific projects (e.g. discount factors for the number of CERs granted, obligation to use CERs generated by projects in host countries with less than ten projects or in LDCs or African countries)?

Should the CER contribution to the Adaptation Fund be increased?

Should new flexibility mechanisms (e.g. accreditation mechanism for economic segments or based on developing country NAMA) be created?

Definitions, modalities, rules and guidelines for dealing with Land Use, Land Use changes and Forestry in the second commitment period

Enjoying a huge potential for mitigation, the Land Use, Land Use changes and Forestry (LULUCF) sector currently has a special regime. This was outlined by the Marrakesh Accords (2001) which followed the adoption of the Kyoto Protocol. The regime for this sector was then specified in Milan (2003). To avoid repeating the situation where by the GHG emission reduction targets were decided before the LULUCF regime was determined, a large number of Annex I Parties now want the rules for this sector to be fixed before or at the same time as the adoption of binding reduction objectives. Dealing with the LULUCF sector raises two main issues; firstly, accounting modalities of emissions by sources and removals by sinks in this sector (see Box 8) and secondly, the eligibility of LULUCF activities related to carbon sequestration in the context of project mechanisms.

The discussions on the LULUCF have been marked by the desire of Annex I Parties to incorporate mechanisms in the LULUCF rules which could mitigate the potential impact of events of force majeure, i.e. of events that are beyond the control of these countries, on the emissions in this sector. This negotiation issue is crucial for Annex I Parties given the potential impact of emissions linked to the LULUCF activities, especially forest management, on the level of effort that their reduction objectives represent. Certain Annex I Parties have calculated what the LULUCF

contribution would be to their mitigation efforts according to the potentially different accounting rules. For example, the European Union estimates that this contribution could vary between 0.7% of net removals and 2.1% net emissions compared with 1990 emission levels¹⁸³.

BOX 8.

Accounting for emissions by sources and removals by sinks in the LULUCF sector

Under the UNFCCC, Annex I Parties report on their emissions by sources and removals by sinks in the LULUCF sector in their national inventories. In the inventories submitted under the Kyoto Protocol, these Parties are obliged to communicate the emissions and removals from anthropic activities of afforestation, reforestation and deforestation since 1990 (Article 3.3 of the Protocol).

In addition, Annex I Parties can choose to account for the emissions from the following anthropic activities, for all that these activities have taken place since 1990: forest management, cultivated land management, pasture management and restoration of plant cover (Article 3.4 of the Kyoto Protocol). Thus, certain Annex I Parties have chosen to account for the activities of Article 3.4 insofar as they can be predicted to form carbon sinks and not emission sources.

The main negotiation issues on accounting cover the following points:

A. Planted production forests: some countries have requested that the conversion of these forests into non-forest land be considered as felling, not deforestation when an equivalent forest is established elsewhere on non-forest land which lends itself to afforestation or reforestation. Emissions caused by this conversion may therefore not be accounted for if the activity is considered as felling.

B. Mandatory accounting of Article 3.4 activities: certain countries have asked that it becomes mandatory to account for these activities as they believe these sectors to be major emission sources which must be taken into account. This would involve additional accounting approaches.

C. Incorporating new activities to be accounted for: such as devegetation or marsh management. If accounting is introduced for new activities, the Parties may also decide whether this is mandatory or binding.

D. Defining the concept of *force majeure*: the issue relates to taking events of *force majeure* with an impact on GHG emissions in the LULUCF sector into account in the national inventories and when defining new GHG emissions.

183. FCCC/KP/AWG/2010/MISC.2, p.30.

The chosen definition of force majeure and cases where it will apply will have a major impact on Parties' emission levels. The consideration of force majeure is not intended to penalize countries with huge variations in emissions and removals caused by repeated natural disturbances (insect infestation, forest fires, etc.). One of the challenges of the concept of *force majeure* is the difficulty in distinguishing between anthropic and natural disturbances. The Parties may also decide to report emissions linked to a case of *force majeure* even if they are not accounted for.

E. Defining forest management: the disagreement is over the degree of accuracy to be achieved for parameters governing forest management activities. Whereas several countries wish to define forest management as a unique system of forest management and use practices, others prefer to broaden the definition to several systems of practices. This issue is crucial as forest management is a LULUCF activity with one of the largest contributions to emissions and removals¹⁸⁴.

F. Determining accounting methods and approaches for forest management emissions and removals: there is talk of establishing different mechanisms for this activity, to avoid penalizing countries with huge variations in emissions and removals for this activity.

Three options have been studied:

- recourse to a cap for adding and subtracting emissions and removals due to forest management of the number of AAU of Parties determined in an Annex for each country;
- the use of reference levels determined in an Annex for each country; or
- the "net-net" accounting approach, using an average of emissions and removals during the first commitment period.

Where reference levels are used, many countries have asked that modalities for revising reference levels and for dealing with national circumstances are fixed to ensure transparency of these reference levels.

G. Defining "carbon reservoirs": there has been talk of modifying this definition to include harvested wood products when calculating carbon emission or removal reductions in the LULUCF sector (proposal supported by New Zealand)¹⁸⁵.

184. In Japan, the contribution by forest management could vary between 0.7% net removals and 2.1% net emissions compared with 1990. See FCCC/KP/AWG/2010/MISC.4, p.3.

185. IISD, 2010c, p.10.

Eligibility of LULUCF activities for flexibility mechanisms

Given the many related social and environmental advantages and their extensive mitigation potential, some LULUCF activities linked to carbon capture have featured in discussions on their possible eligibility for project-based mechanisms, such as the restoration of marshes, carbon capture in soils from less ploughing or the use of "biochar" (charcoal produced from the biomass). In the first commitment period, the only eligible carbon capture activities are afforestation and reforestation. The draft proposal suggests asking SBSTA to prepare modalities and procedures to include additional LULUCF activities and submit recommendations to the CMP-8 (2012)¹⁸⁶.

In addition, regarding the issues of non-permanence of emission reductions, the draft proposal suggests requesting the SBSTA to investigate assigning permanent units to the carbon capture activities by setting up reserve or insurance mechanisms, while applying discount factors for activities with a high risk of leakage or formulating exceptions for activities with a low risk of non-permanence¹⁸⁷.

To date, only temporary units can be assigned to carbon sequestration activities due to potential risks of carbon leakage, mainly in forest fires or carbon storage saturation. There are two types of temporary unit: Temporary Certified Emission Reduction (tCERs) and Long-term Certified Emission Reduction (ICERs). The tCERs expire at the end of the commitment period following the one in which they were assigned and the ICER expire at the end of the project accreditation period, which can be twenty years (renewable twice) or thirty years (no renewal option). When the tCERs and ICERs expire, the unit holder must replace them with other types of unit (like AAU, removal units, CERs or ERUs, or ICERs for ICERs or tCERs for tCERs). These restrictions are the result of low demand for units from LULUCF projects so far. The work of the SBSTA would attempt to remedy this situation by putting forward recommendations for a new regime for considering non-permanence risks.

Modifying the limit of the total number of units a developing country can claim for afforestation and reforestation activities under the CDM has also been discussed. Under the Marrakesh Accords, the current limit is 1% of the country's total GHG emissions in 1990, multiplied by five. Note that the European emissions trading system does not allow units generated by CDM afforestation and reforestation projects to be used for compliance purposes.

186. FCCC/KP/AWG/2010/CRP.3, p.21.

187. FCCC/KP/AWG/2010/CRP.3, p.22.

Main issues on the definitions, modalities, rules and guidelines for the dealing with LULUCF

Should current accounting rules for emissions and removals from LULUCF be modified?

How can the current regime be improved to take the potential of this sector fully into account and ensure rigorous, balanced accounting (see Box 8)?

Should new carbon sequestration activities be allowed under the CDM (e.g. restoring marshes, less ploughing, etc.)?

What incentives should be introduced for carbon sequestration projects? How can the risk of non-permanence associated with some carbon sequestration activities (e.g. setting up reserve or insurance mechanisms, updating factors, etc.) be avoided?

Should the total number of units a developing country can claim for afforestation and reforestation activities under the CDM be increased?

activités de boisement et de reboisement au titre du MDP?

Scope of the list of GHGs, sectors and categories of sources and common metrics

Many methodological questions have been discussed in the AWG-KP. The Parties have chosen clear options for most of these issues during 2010 for discussion in Cancún.

Inclusion of new GHGs

Parties have been considering the inclusion of new GHGs in Annex A of the Kyoto Protocol since 2009. Although certain developing countries favour the inclusion of new GHGs to control their emissions, the developed countries have encouraged the inclusion of new GHGs provided that scientific and technical information demonstrates that they can be reduced. For this purpose, the UNFCCC Secretariat has put online information on GHGs which could be added to the current list. This list states both the applications and reduction options of these gases¹⁸⁸.

Parties will have to decide on the need to estimate the emissions of new types of gases, including hydrofluorocarbon and perfluorocarbon emissions quoted by the Intergovernmental Panel on Climate Change (IPCC) in its fourth assessment report and emissions of sulphur hexafluoride, nitrogen trifluoride, fluorinated ethers, perfluoropolyethers and trifluormethyl sulphur pentafluoride. Parties should decide whether

188. See: http://unfccc.int/national_reports/annex_i_ghg_inventories/items/4624.php.

these estimates will be used for notifying emissions and whether they should be taken into consideration under the quantified emission limitation and reduction objectives for the second commitment period.

2006 IPCC guidelines

The question of adopting the 2006 IPCC guidelines for the national GHG inventories is another issue, as their application implies a revision of UNFCCC Annex I reporting guidelines¹⁸⁹. The Parties should therefore agree on the revisions to be made to the UNFCCC Annex I reporting guidelines if the 2006 IPCC guidelines are adopted.

The Parties should in particular decide whether to modify the common reporting format tables of the UNFCCC reporting guidelines according to the new gases and sectors in the 2006 IPCC guidelines and the improvements made to these tables since 1996. They should state the role played by the previous IPCC guidelines in inventory preparation and notification by Annex I Parties. The Parties should also find a way of ensuring consistency of chronological series when applying new or revised methods introduced by the 2006 IPCC guidelines, especially when a Party has no activity data for estimating emissions using these methods for the years prior to the chronological series presented in the inventories.

As the 2006 IPCC guidelines add a number of GHGs to the existing list and modify emission factors, confirmation is sought over the use of emission factors from these guidelines and which GHG have to be accounted for (it is unclear whether the indirect carbon dioxide emissions, the nitrous oxide emissions from the atmospheric deposit of nitrogen oxide and ammonia and the emissions for which methods are only given in the appendices of the 2006 IPCC guidelines will be subject to mandatory notification).

Another major issue raised by the 2006 IPCC guidelines is the creation of the Agriculture, Forestry and other Land-use sector (AFOLU), which groups LULUCF and agriculture. The 2006 IPCC guidelines imply emissions accounting based on the lands for this new sector and no longer on the activities as required under the current guidelines, which requires that numerous changes to the UNFCCC reporting guidelines be made. The new requirements for including the annual variability in estimating emissions and removals in the AFOLU would also involve modifying the reporting guidelines.

In the light of these methodological issues, the Parties should decide in Cancún whether the methodologies used for the Annex I Parties' reports should comply with the 2006 IPCC guidelines for the second commitment period, as applied according

189. FCCC/SBSTA/2009/L.11.

to the UNFCCC reporting guidelines. At the same time, the SBSTA has agreed to launch a work programme in 2010 to revise these reporting guidelines and recommend a revised version to be applied from 2015 onwards (see Section 4.6)¹⁹⁰.

Common metrics

Common metrics are used to calculate the carbon dioxide equivalent of anthropic emissions by sources and removals by sinks. The discussions on these metrics refer to the possible adoption of new global warming potentials (GWPs). Associated with a GHG, the GWPs are used to quantify the GHG contribution to global warming compared with the carbon dioxide contribution in a given period based on its radiation properties. Some Parties are reluctant to adopt new GWPs given the insufficient scientific and methodological justification for these new GWPs, in their view, whereas other Parties believe that the new GWP fill certain gaps in current GWPs mainly by reducing the potential uncertainty over the GWPs of certain GHGs¹⁹¹.

In Cancún, the Parties may:

- adopt the GWP from the fourth IPCC assessment report; or
- confirm the use of current GWP (estimated in the second IPCC assessment report) and allow an exception for the new GWP where the GWP are indicated in the fourth IPCC assessment report.

There is also talk of asking SBSTA to evaluate impacts from the metrics chosen in view of the third or subsequent commitment periods.

Main issues on the scope of the list of GHGs, sectors and categories of sources and common metrics

Should new GHGs be added to the list in Annex A of the Kyoto Protocol? Should reductions of new GHG be considered under the quantified emission limitation and reduction objectives for the second commitment period?

Should the 2006 IPCC guidelines be adopted for the new GHG inventories? If yes, what would be the effect on the revision of the UNFCCC Annex I reporting guidelines?

Should the global warming potentials (GWPs) in the fourth IPCC assessment report be adopted, or the use of current GWPs be confirmed and an exception granted for the new GHGs whose GWP are indicated in the fourth IPCC assessment report?

190. FCCC/SBSTA/2010/4.
 191. FCCC/KP/AWG/2009/MISC.10.

Information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties I

As this issue has also been addressed by the AWG-LCA, the SBSTA and the Subsidiary Body for Implementation (SBI), many developed countries are reluctant to discuss this question in the AWG-KP. For developing countries, the main issue is the recognition of the negative impacts of potential actions by developed countries to mitigate climate change. It can involve, for example, the imposition by an Annex I Party of ecological labels or grants to ecologically-rational domestic products which would make them more competitive than equivalent products imported from developing countries. To minimize these impacts, developing countries are seeking the setting up of evaluation mechanisms for developed country policies which could have negative consequences for the developing countries along with compensatory mechanisms.

The draft decision prepared on this issue marks the progress in negotiations by stating that the consequences can be both positive and negative and, in particular, that negative consequences for developing countries must be minimized¹⁹². The text also targets potential negative consequences, as requested by the majority of developing countries.

There is still some disagreement, mainly over the creation of an international entity to assess the consequences of response measures. Developing countries recommend creating an international forum, but the developed countries believe that it is sufficient for the SBI to evaluate national communications of Annex I Parties, as they must include actions taken by the countries to avoid the potential consequences. Developed countries also fear that any policy evaluation by an international entity impinges on the principle of national sovereignty and do not wish this evaluation to mean restrictions in formulating national policies. Developed countries would therefore prefer that the functions of the entity responsible for evaluating national actions be discussed before deciding to create a forum.

192. FCCC/KP/AWG/2010/6/Add.5.

Main issues on the information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties

Should evaluation mechanisms be established for developed country policies which could have negative consequences for developing countries.

What would be the objective in evaluating developed country policies? How should this evaluation be limited to avoid impinging on the principle of national sovereignty?

Could creating an international forum respond to these evaluation functions?

Could the evaluation of national communications from Annex I Parties fulfil this function?

Legal issues over the AWG-KP mandate

The main AWG-KP mandate is to produce draft amendments to the GHG emission reductions commitments by Annex I Parties, as provided for in Article 3.9 of the Kyoto Protocol¹⁹³. The legal interpretation of the scope of the AWG-KP mandate raises issues between developing and developed countries.

Developing countries maintain that the AWG-KP mandate must be interpreted strictly and only cover the QELRO of Annex I Parties by adopting new targets. According to the Annex I Parties, examining their emission reduction objectives implies a far broader revision, in particular of rules governing flexibility mechanisms and the LULUCF sector. For most of these countries, the ambition of individually-proposed targets will depend on how the LULUCF sector is dealt with, on using flexibility mechanisms and, for some, on the AAU carryover to the second commitment period.

It is crucial to achieve a compromise on this issue for the continuing negotiations under the AWG-KP. On the one hand, as it is not impossible that the rules of the LULUCF sector and flexibility mechanisms be carried forward into a broader agreement should the Kyoto Protocol not be renewed, discussions within the AWG-KP on these issues remain pivotal.

On the other hand, the strict interpretation of the AWG-KP mandate can also be a major incentive for Annex I Parties to decide not to renew the Protocol after 2012 and thus encourage a single, broader agreement. Since the AWG-LCA was created, the Party debates on reduction targets have led to disagreement over a link between the AWG-KP negotiations on GHG emission reductions and the AWG-LCA negotiations on mitigation and the shared vision of long-term cooperative action. Overall, the Annex I Parties, with the exception of the United States, are in favour of

193. *Ibid.*

integrating the negotiating processes of both AWG to broaden the debate and cover the question of commitments by large non-Annex I emitting countries, such as China, India and Brazil, and by the United States, which has not ratified the Kyoto Protocol. Conversely, the developing countries, especially the advanced developing countries, and the United States, prefer separate negotiating processes for the two AWG, to avoid international pressure to have them commit to GHG emission reductions in the same way as Annex I Parties are obligated under the Kyoto Protocol.

These discussions provoked a fierce debate in June 2010 on creating a common discussion area between the two AWG. Supported mainly by the developed countries, except for the United States which stated that it had no intention of become a Party to the Kyoto Protocol, the proposal to create this common negotiating space received the support of certain developing countries including the AOSIS countries and some Latin American countries including Colombia, Chile, Costa Rica, Dominican Republic, Guatemala, Panama, Peru and Uruguay¹⁹⁴.

Legal issues over the AWG-KP mandate

Should the AWG-KP mandate be restricted to the QELRO of Annex I Parties through the adoption of new targets or should it include a more extensive revision, mainly of the rules governing the flexibility mechanisms and the LULUCF sector?

194. IISD, 2010b, p.8.

4. ISSUES RELATING TO THE CURRENT REGIME

The policy negotiations on the post-2012 regime will dominate in Cancún; however, the COP-16 and the CMP-6 will also be a chance for the Parties to the Protocol and the Convention to discuss questions relating to the current climate change regime. These questions have very strong links to the issues of the future regime as certain mechanisms and work programmes in the current regime will continue after 2012. In addition, the subsidiary bodies in charge of examining issues relating to the current regime look at the technical issues of the future regime at the same time.

This section presents the main issues to be discussed during the Cancún Conference. The information is not an exhaustive summary of these issues, more a presentation of issues linked to the discussions on the post-2012 regime and those which are the subject of major debates.

4.1 Adaptation, response and mitigation actions

Adaptation refers to the adjustment process to mitigate the negative impacts of climate change or take advantage of any new opportunities it may offer. The response measures basically cover the GHG emission reduction actions, but they also include actions to mitigate the problem of climate change at source, such as those encouraging the development of clean technologies. These measures are likely to have an adverse effect on certain economic sectors - oil, for example. In this respect, the Parties included in Annex I of the Convention are required to fulfil their commitments by reducing the adverse social, environmental consequences of climate change and/or response measures for the developing countries, especially the most vulnerable, as much as possible^{195, 196}. Various work programmes have been set up therefore to reduce these effects and help developing countries, particularly the least developed countries (LDCs), to implement the appropriate adaptation and response measures.

195. By virtue of Article 3.14 of the Kyoto Protocol,

196. The targeted developing countries and the most vulnerable countries are designated in Articles 4.8 and 4.9 of the Convention, respectively.

By the same token, these programmes can also potentially contribute to the objectives of combating poverty in the developing countries. The impacts of climate change raise additional challenges to fulfilling the development objectives of these countries. For example, the expectation is that climate change has an impact on the development of "climate-sensitive" activities like agriculture, with indirect consequences for food safety and human health. Implementing adaptation actions can therefore mitigate the impacts of climate change in the various key sectors whilst supporting the national policies for development and combating poverty.

In Cancún, the subsidiary bodies will review the work programmes adopted during the previous COP and CMP.

The SBI is finalising a draft decision on implementing the Buenos Aires work programme on adaptation and response measures

The Buenos Aires work programme set up by the COP-10 (see Box 9) has given rise to many disagreements since its adoption. Whereas the original intention was for the implementation status of the programme be the subject of a decision during the COP-14¹⁹⁷, the programme has continued to be considered until now with no decision being adopted. The Parties cannot agree on the new actions to be undertaken nor on a text setting out the progress made with the application of the programme, mainly due to disagreement over how to deal with the impact of response measures¹⁹⁸. In addition, several developing countries have announced their dissatisfaction with the results of the Programme, mainly due to the lack of concrete activities which could speed up implementation of adaptation actions and remedy the lack of available financial resources and the difficulties in accessing existing resources. The Small Island Developing States (SIDS) have requested in particular that the Programme focuses more on actions on the ground.

Despite lingering disagreement, the Parties have nevertheless agreed to submit a rough draft decision to the COP-16 (2010)¹⁹⁹. In particular, specific recognition of the needs of LDCs and SIDS and evaluation procedures for impacts of response measures and activities to mitigate these impacts constitute significant issues requiring clarification in the draft text. Whereas developed countries would prefer to use the existing structures to analyse impacts, such as national communications, the majority of developing countries support the creation of an international forum to assess the impacts and organise activities encouraging financial risk management, economic diversification and modelling.

197. Decision 1/CP.10.

198. Santarius *et al.*, 2009, p.10.

199. FCCC/SBI/2009/L.13.

The draft text drawn up initially by the Chair of the Contact Group, formed firstly in December 2008 then enriched by discussions in Copenhagen and Bonn in June 2010, will serve as the basis for the debates in Cancún²⁰⁰. The discussions under the AWG-LCA on the consequences of response measures (see Section X) could certainly help fine tune the SBI draft decision which still has numerous square brackets.

BOX 9.

The Buenos Aires work programme on adaptation and response measures^{201, 202}

To enhance the adaptation activities and start a discussion process on the impacts of response measures, the Parties adopted the *Buenos Aires programme of work on adaptation and response measures* during the COP-10.

Programme objectives:

- Help developing countries to face up to the impacts of climate change, among other things through financing, insurance and technology transfer mechanisms;
- Limit the unfavourable effects, especially the repercussions on international trade resulting from response measures intended to fulfil commitments under the Kyoto Protocol.

Actions planned to achieve the programme objectives:

- Setting up a five-year work programme on adaptation revolving around scientific, technical and socio-economic aspects of the vulnerability and adaptation to climate change;
- Holding three regional workshops reflecting regional priorities, an expert meeting for the Small Island Developing States (SIDS) on the priority issues for this group of countries and two expert meetings on modelling and economic diversification.

200. See Annex IV, FCCC/SBI/2010/10.

201. By virtue of Article 4.8 of the Convention and Articles 2.3 and 3.14 of the Kyoto Protocol

202. Decision 1/CP.10.

The SBSTA is considering the implementation of the second phase of the Nairobi work programme on impacts, vulnerability and adaptation to climate change, to report on its effectiveness and results to the COP-16.

The aim of the *Nairobi work programme on impacts, vulnerability and adaptation to climate change* (NWP) is to help the Parties, especially developing countries, to understand better the impacts of climate change and their vulnerability to this change and to make enlightened decisions on the adaptation actions and measures. This five-year work programme (2005 to 2010) is split into two phases, the first of which ended in June 2008. Although the programme started in 2005, the NWP activities commenced in 2007. The activities are structured around nine work themes, namely:

- Methods and tools
- Data and observations
- Climate modelling, scenarios and downscaling;
- Climate-related risks and extreme events;
- Socio-economic information;
- Adaptation planning and practices;
- Research;
- Technologies for adaptation; and
- Economic diversification.

When requested by the SBSTA, regular workshops and expert meetings are organised on specific work themes supporting the NWP activities. In addition, the Parties and relevant organisations are invited to become involved in the programme by providing information or viewpoints on the nine work themes. This information is available via the NWP Internet interface²⁰³ to facilitate discussions and publicise the various adaptation practices (both sectoral and regional) and a platform to encourage private sector initiatives.

As the body in charge of monitoring the NWP, the SBSTA's main task in Cancún will be to assess the effectiveness of the programme and present to the COP-6 the results of the NWP, whose second and final phase will end in December 2010²⁰⁴. In this respect, stakeholders were invited to submit their opinions on the effectiveness of the NWP and an informal meeting was organised before Cancún to review this issue (28-30 September, in Manila, Philippines)²⁰⁵. The SBSTA is also responsible for passing to the SBI in Cancún opinions on the scientific, technical and socio-economic

203. Web interface:

http://unfccc.int/adaptation/sbsta_agenda_item_adaptation/items/3633.php.

204. FCCC/SBSTA/2010/6, p.6.

205. Nairobi Work Programme eUpdate, July 2010. http://unfccc.int/files/adaptation/application/pdf/nwp_eupdate_july_2010.pdf

aspects of the impacts of climate change and the adaptation which are emerging with the implementation of the NWP²⁰⁶.

The main challenges encountered during implementation of the NWP, especially during its second phase, and which will be reported on more fully in Cancún, include the following issues:

- **Participating a wide range of organisations:** when considering the implementation of the NWP, the SBSTA underlined the increased participation of miscellaneous stakeholders (in April 2010, 174 organisations were associated with the NWP and had presented 84 action commitments)²⁰⁷. In Copenhagen, the SBSTA had asked these organisations to take advantage of initiatives which could light the way for the decisions by the Parties on the actions to be taken. The SBSTA also underlined the need to promote the NWP to local, national and regional players, especially those involved in education, training and awareness-raising activities^{208, 209}.
- **Accessibility of adaptation decision-making information and tools:** the UNFCCC has gradually compiled methods and tools to evaluate the impacts of, and vulnerability and adaptation to, climate change based on lessons learned from implementing the NWP. A search engine with three filters (sector, theme and type of document) allows the user to browse between the various tools²¹⁰. Henceforth, priority will be given to developing concrete tools which will help disseminate information in countries where Internet access is difficult²¹¹.
- **Creating an expert group:** In Poznań in 2008, the SBSTA-29 had agreed to establish a directory of experts expanded mainly from the UNFCCC directory of experts and the list of organisation and institution coordinators involved in implementing the NWP (44 experts were listed in April 2010)²¹². Since then, encouraged by many developing countries, the SBSTA has considered the option of forming an expert group to support NWP implementation.
- **Facilitating collaboration between regional centres and networks:** this question was considered during a workshop held on 2-5 March 2010 in Apia (Samoa). The sixty or so participants in the workshop reached consensus on the idea that more intense collaboration between the existing centres and networks could fill the

206. FCCC/SBSTA/2010/6

207. FCCC/SBSTA/2010/INF.2

208. *Ibid.*

209. FCCC/SBSTA/2010/6

210. <<http://unfccc.int/5457.php>>.

211. FCCC/SBSTA/2010/L.6

212. *Ibid.*

gaps in adaptation research. To achieve this, creating common standards for data collection and archiving and for modelling would assist discussions between the regional centres which pool data and carry out modelling. Creating sectoral expertise bridges between the centres and networks was proposed to avoid duplication of effort. Adaptation needs will be analysed to classify the centres and networks according to their best comparative advantage in conducting research into a particular topic²¹³.

- **Broadening knowledge of issues relating to costs and the advantages of adaptation options:** addressed firstly in a technical note from the UNFCCC Secretariat²¹⁴, these issues were discussed in a workshop on 22-24 June 2010 in Madrid (Spain). The IPCC had noted in its fourth assessment report (2007) that literature on the costs and advantages of adaptation options was scattered; the workshop participants were delighted that a variety of publications had appeared on the topic since 2007. The workshop was viewed as an opportunity to discuss methodological issues on assessing adaptation costs and benefits and produced several recommendations, including:
 - use of methodologies adapted to national circumstances;
 - preparation of practical guides supported by training given in developing countries;
 - use of common definitions, concepts and methodologies to ensure process comparability²¹⁵.

The SBSTA is expected to take account of these challenges when assessing the second phase of the NWP in Cancún. The SBSTA could also use the key messages from participants in the 3rd Focal Point Forum held as a side meeting to the Bonn negotiations. For example, the forum agreed on the need to enhance the coordination role of the NWP to create synergies between the participants and improve the dissemination of tools²¹⁶.

213. Preliminary report on the technical workshop on collaboration among regional centres and networks, Apia, Samoa. 2-5 March 2010. http://unfccc.int/files/adaptation/nairobi_work_programme/workshops_and_meetings/application/pdf/preliminary_rep_samoa.pdf.

214. FCCC/TP/2009/2/Rev.1

215. Preliminary report on the technical workshop on costs and benefits of adaptation options, Madrid, Spain, 22-24 June 2010. http://unfccc.int/files/adaptation/application/pdf/preliminary_report_spain_18-08-10.pdf

216. Nairobi work programme on impacts, vulnerability and adaptation to climate change, 3rd Focal Point Forum, SB 32, Bonn, Friday, 4 June 2010, Summary note. http://unfccc.int/files/adaptation/application/pdf/fpf_summary_note.pdf

In addition, given the NWP mission to improve technical knowledge on adaptation, the AWG-LCA discussions on adaptation could find the SBSTA evaluation of the effectiveness of the NWP useful.

The SBI is examining a report by the Least Developed Countries Expert Group (LDCEG) on accessibility to financing intended to prepare, implement and revise national adaptation programmes of action and is considering the renewal of its mandate.

The mandate of the Least Developed Countries Expert Group (LDCEG) was renewed at the COP-11²¹⁷. The group was set up in 2001 with the aim of helping the least developed countries (LDCs) to develop and implement national adaptation programmes of action (NAPAs) (see Box 10).

In 2009, several Parties expressed their concern over the difficulty in accessing financing to implement NAPAs. In this respect, the SBI has invited the Parties to submit their experiences in preparing NAPAs, including accessibility to financing through the LDC Fund. The SBI has also encouraged the LDCEG to pursue a dialogue with the Global Environment Facility (GEF), which manages the LDC Fund, on access to financing, to respond to the urgency of preparing and implementing NAPAs²¹⁸.

SBI is well aware of the need to revise the NAPAs regularly and has therefore requested the LDCEG to assess the financial resources necessary to revise and update existing NAPAs. As such, the SBI has considered that the results of the regional training workshops on implementing NAPAs held in 2010 (Bamako, Mali, on 8-12 March and Vientiane, Laos, on 4-8 March) could prove useful.

At the same, the SBI is reflecting on the modalities of renewing the LDCEG mandate and has requested a summary report from the Secretariat on potential elements for a future mandate for the LDCEG²¹⁹, mainly on progress made in its work programme for the 2008-2010 period noted during its 18th session (Kathmandu, Nepal, on 12-15 October). This issue is envisaged under the SBI discussions on the LDCs.

The SBI-33 will use these various reports to formulate guidelines to encourage the financing of NAPA implementation and revision activities.

217. Decision 4/CP.11.

218. FCCC/SBI/2009/L.4.

219. FCCC/SBI/2010/10 et FCCC/SBI/2009/15.

BOX 10.

Preparation of national adaptation programmes for action (NAPAs)

The preparation process of nation adaptation programmes for action (NAPAs) is broken down into eight stages and aims to identify the urgent needs of least developed countries (LDCs) in terms of adaptation to the impacts of current climate variability. Adapting to current climate variability helps improve the ability of communities to withstand the impacts of future climate change.

This process is designed exclusively for the LDCs given their inability to control the impacts of climate change. The plan is for a certain number of activities identified as priority in the NAPAs to be financed by the LDC Fund, which is managed by the Global Environment Facility (GEF)²²⁰. In June 2010, 44 NAPAs had been submitted²²¹.

The SBSTA and the SBI are continuing their discussions on a mechanism to minimise the negative effects of response measures.

During the CMP-1, the Parties had decided to introduce a mechanism to minimise the negative effects of response measures, under Article 3.15 of the Kyoto Protocol²²². The Parties agreed subsequently on nine elements²²³ to be considered when reporting on actions implemented by the Annex I Parties to reduce the adverse social, environmental and economic impacts of their response measures on the developing countries. However, Article 2.3 of the Protocol also considers the negative effects of response measures. Certain Annex I Parties viewed this as duplicating their efforts to address the negative effects of response measures, as Articles 3.14 and 2.3 are discussed respectively under the auspices of the SBI and SBSTA. Other Parties, including the G-77/China, were in favour of these topics being considered separately. Thus, disagreement over dealing with Articles 2.3 and 3.14 had blocked the negotiations since the Nairobi Conference.

In June 2008, the Parties agreed to consider these articles within a joint SBI/SBSTA contact group²²⁴. The Parties agreed that discussions emanating from the joint SBI/SBSTA contact group should be addressed in the joint conclusions under each of these bodies. In June 2009, the discussions of the joint contact group culmi-

220. See: www.napa-pana.org.

221. See: http://unfccc.int/cooperation_support/least_developed_countries_portal/submitted_napas/items/4585.php.

222. Decision 31/CMP.1

223. FCCC/SBI/2006/27.

224. FCCC/SBI/2008/8.

nated in a draft text which constituted subsequently the basis for the Copenhagen and Bonn discussions (June 2010)²²⁵.

The main differences relate to the exchange of information on the negative effects of response measures and how they can be minimised. Other significant issues are the distinction between the LDCs and other developing countries and the recognition of specific difficulties of economies dependent on fossil fuel production. Most developing countries want the text to limit the developed countries from imposing restrictive trade measures on climate-related grounds. The text also underlines the ancillary discussions in progress under the AWG-LCA and AWG-KP and the resulting need for coordination.

In Cancún, the SBI and SBSTA will continue their discussions within a common contact group based on the draft text.

Main issues in terms of adaptation, response and mitigation measures

The issues relating to adaptation, response and mitigation measures involve several groups of Parties: the Annex I Parties which contribute the largest proportion of the financing of these measures and which are linked by emission mitigation commitments, the LDCs and the SIDS, targeted in particular by adaptation actions and all developing countries concerned by the negative effects of response measures.

The discussions on adaptation, response and mitigation measures will cover the following points:

- Finalising the implementation report for the second phase of the *Buenos Aires work programme on adaptation and response measures*;
- Monitoring and implementation of the second phase of the *Nairobi work programme on impacts, vulnerability and adaptation to climate change*;
- The LDCEG report on the accessibility of financing for NAPA preparation and implementation and the renewal of its mandate;
- The establishment of a mechanism to minimise the negative effects of response measures, under Articles 2.3 and 3.14 of the Kyoto Protocol.

Adaptation is a key component in the Bali Action Plan. The progress of negotiations on adaptation in the current regime will undoubtedly have an impact on the consideration given to it in the future regime.

225. FCCC/SBI/2010/10, Annex VIII.

4.2 Financing mechanisms for developing countries

The Global Environment Facility (GEF) is the main operating arm for the Convention's financial mechanism. It offers financial aid to developing countries, mainly to mitigate GHG emissions and adapt to climate change. During the COP-7, the Parties recognized the need to offer financial support over and above the GEF facility through multilateral and bilateral initiatives in implementing the Convention. The Marrakesh Accords responded to this need by establishing three funds:

- The Least Developed Country Fund (LDCF), to help the LDCs implement the Convention and the Kyoto Protocol, participate in the negotiations and prepare national adaptation programmes for action (NAPAs);
- The Special Fund for Climate Change (SCCF) intended for activities involving climate change adaptation, technology transfer and reduced GHG emissions (energy, transport, industry, agriculture, forestry and waste management sectors) and economic diversification activities. Adaptation has been given priority among these activities;
- The Adaptation Fund (only fund linked to the Protocol rather than the Convention) intended to reduce the vulnerability of communities and facilitate adaptation.

The LDC Fund has been operational since 2001 and has already financed the preparation of NAPAs in 44 developing countries and NAPA implementation projects in 38 countries. In July 2010, four additional NAPAs were on the point of being finalized (Angola, Burma, Nepal and East Timor)²²⁶.

In 2003, the Parties instructed the GEF to put the SCCF into operation²²⁷. Lastly, the Adaptation Fund, which has long been a source of disagreement between the Parties, has had everything it needs to become operational since the Poznań Conference in 2008²²⁸. It initiated project selection procedures in 2010 and in July eight countries submitted project proposals (Senegal, Niue, Madagascar, Honduras, Guatemala, Mongolia, Egypt and Uganda).

²²⁶. FEM, 2010d.

²²⁷. Decision 5/CP.9.

²²⁸. Decision 1/CMP.4.

Although the three funds established by the Marrakesh Accords are now in operation, the financing they have generated up to now (see Table 5) is far from meeting the estimated adaptation needs in the developing countries (see Table 6). Other non-UNFCCC sources of financing²²⁹ also support adaptation efforts in the developing countries, but the funds available are still far from sufficient²³⁰. As a rough guide, regarding mitigation, US\$200 to 210 billion will be necessary to achieve the 2005 GHG emission level²³¹, including US\$75 billion set aside for developing countries²³².

229. For example, the Africa Adaptation Programme, launched by the UNDP and financed by Japan, has a budget of 92.1 million (see: <http://www.undp-adaptation.org/africaprogramme/>).

230. Massawa et al., 2009.

231. UNFCCC, 2007 and its update FCCC/TP/2008/7.

232. Tirpak, D. and J-E. Parry, 2009.

TABLE 5.
FUNDS GENERATED AND DISBURSED BY FINANCING MECHANISMS FOR
DEVELOPING COUNTRIES

Fund	Budget (US\$ million)	Funds disbursed (US\$ million)	Nombre de projets approuvés
LDC Fund ²³³	US\$221.45 million ⁱ (total commitments) US\$169.19 million ⁱ (total contributions paid)	US\$141,92 million ⁱⁱ (corresponds to approved projects, not necessarily disbursed)	92 ⁱⁱ
Special Climate Change Fund (SCCF) ²³⁴	US\$147.77 million ⁱ (total commitments) US\$110.48 million ⁱ (total contributions paid)	US\$97,14 million ⁱⁱ (corresponds to approved projects, not necessarily disbursed)	28 ⁱⁱ
Adaptation Fund ²³⁵	US\$156.28 million (net available resources to finance adaptation pro- jects, as at 31 July 2010) US\$372 million (mean estimate of funds available until 2012) 8.62 million CER ⁱⁱ	US\$ ⁱⁱ	Being selected

i As at 31 May 2010.

ii As at 10 September 2010.

233. Global Environment Facility, 2010; GEF Project List. Voir: <http://gefonline.org/>.

234. *Ibid.*

235. UNFCCC website, "The share of proceeds from the clean development mechanism project activities for the Adaptation Fund": <http://cdm.unfccc.int/Issuance/SOPByProjectsTable.html>; World Bank (2010).

236. CER sales had generated since their monetisation in May 2009 a total of US\$112.5 million (as at 31 July 2010) (World Bank, 2010).

TABLE 6.
ESTIMATED FINANCING AND INVESTMENT FLOWS REQUIRED FOR DEVELOPING COUNTRY ADAPTATION (US\$ BILLION)²³⁷

Evaluations	Annual costs (US\$ billion)	Reference year
UNFCCC, 2007 (revised in 2008)	28 - 67	2030
UNDP, 2007	86	2015
Oxfam, 2007	> 50	Current
World Bank, 2006	9 - 41	Current
Stern Report, 2006	4 - 37	Current

The SBI is submitting a draft decision to the COP-16 on the fourth review of the Convention's financing mechanism.

The Convention's financing mechanism, managed mainly by the GEF, is reviewed by the COP every four years. The Parties have to assess the effectiveness of the mechanism against various criteria (transparency of the decision-making process, volume of resources provided, viability of projects financed, etc.) and make recommendations to improve it²³⁸. The fourth review was started in Bali in 2007²³⁹. The Secretariat had prepared two reports, the first covering lessons to be drawn from the experience of international funds and multilateral financial institutions in meeting current and future needs of developing countries²⁴⁰ and the second presenting an assessment of these needs to advise the GEF with a view to its next financing cycle²⁴¹. The conclusions of the second report highlighted the lack of financing and investment in developing countries and the need to increase both public and private financing and investment flows²⁴².

The developing countries expressed their concern in both Poznań and Copenhagen over insufficient financial resources for the fifth GEF replenishment cycle initiated in 2010²⁴³ and over the complementarity between the financing mechanism and other sources of financing. In this respect, Japan and the United States have on

237. From Bapna and McGray, 2008 (Sources: Agrawala and Fankhauser, 2008; UNFCCC, 2007 and its update FCCC/TP/2008/7).

238. Decision 3/CP.4.

239. Decision 2/CP.12.

240. FCCC/TP/2007/4.

241. FCCC/SBI/2007/21.

242. See also UNFCCC, 2007.

243. The GEF resources are replenished under a four-year cycle. The fifth GEF replenishment cycle was initiated in 2010.

the contrary underlined the importance of co-financing for the GEF projects. Several developing countries have also criticized the unequal distribution of funds (see Box 11) whilst the G-77/China has supported direct access to GEF resources²⁴⁴. In addition, the European Union has pointed out that the current financial mechanism and the financing agreement under the AWG-LCA should complement each other. Thus, given that the majority of developed countries have expressed their satisfaction with the GEF performance, the Parties have failed to agree on the conclusions to be drawn from the fourth review of the Convention's financial mechanism in either Poznań or Copenhagen.

The Parties have almost finalized a draft decision since Copenhagen²⁴⁵. The text recognizes that GEF support is critical in including climate change on the national agendas of developing countries although the scale of financing is still insufficient. GEF has also been requested to:

- simplify its procedures;
- encourage national scheduling when possible;
- improve resource allocation methods; and
- adopted a knowledge management strategy to promote the sharing of best practices.

The SBI-33 will therefore have the task of finalizing this draft decision for adoption by the COP-16. The improvements made with the adoption of the 5th GEF replenishment cycle in July 2010, especially in resource allocation (see Box 11), should facilitate the adoption of this text. The SBI-33 will also consider the assessment of funds required to implement mitigation and adaptation actions by Parties not included in Annex I to the Convention. This assessment was carried out through studies on the economic and environmental aspects and those linked to national development in which eleven non-Annex I Parties participated.

244. UNDP, 2009b, p.8.

245. FCCC/SBI/2010/10, Annex II.

BOX 11.**The GEF Resource Allocation Framework (RAF) and System for Transparent Allocation of Resources (STAR)**

In 2005, the GEF Council adopted the Resource Allocation Framework (RAF)²⁴⁶ to make the allocation of its resources more predictable and transparent. The RAF has been operational since the 4th GEF replenishment cycle in July 2006 and is applied to projects relating to biodiversity and climate change.

The GEF specifies the amount of financial resources an eligible country can expect to receive at the beginning of each four-year replenishment period. This is subject to a mid-term review. Each eligible country receives a minimum allocation of US\$1 million and a maximum allocation equivalent to 15% of available resources. The GEF uses two indicators to determine the exact amount allocated to each country, within this envelope, i.e.

- the **GEF benefits index**, which measures the potential of a given country to generate global environmental benefits;
- the **GEF performance index**, which assesses a country's capacities, policies and practices to determine its potential to execute GEF projects successfully.

As the DAR was deemed inflexible and was criticized for its lack of predictability, it was replaced by the System for Transparent Allocation of Resources (STAR) when the 5th GEF replenishment cycle was set up in July 2010 (GEF-5)²⁴⁷. STAR is now the mechanism used by the GEF to determine the amount of resources a given country can claim during the period covered by a GEF resource replenishment. The STAR has been in force since July 2010 for the GEF-5 period. It applies to biodiversity, climate change and land degradation.

Under STAR, all countries are granted an allocation in each of these areas to prepare projects. These individual allocations may not be less than US\$2 million in the area of climate change.

An index based on the Gross Domestic Product (GDP) is added to the two existing indicators to determine the exact amount allocated to each country. This index is weighted so that allocations to countries at the bottom of the per capita GDP table are increased by about 12% (compared with the allocation if the index did not exist) and reduced by 6% for countries at the top of the table.

STAR is also an improvement over the DAR by eliminating the "50% rule", which prohibited the countries from using more than 50% of their indicative allocation during the first two years of the GEF-4²⁴⁸.

246. GEF, 2005.

247. For further information on STAR, see:

http://www.thegef.org/gef/sites/thegef.org/files/publication/STAR-Sept_10.pdf

248. GEF, 2010d.

The SBI is studying the GEF annual report in order to submit a draft decision to the COP-16.

The COP regularly communicates guidelines to the GEF on policies, programme priorities and eligibility criteria relating to the Convention's financial mechanism. The GEF is required to submit an annual report to the COP on its Convention-related activities and the compliance of these activities with the COP guidelines²⁴⁹.

During previous negotiation sessions, discussions on the GEF report and the guidelines prepared for it were taxing as the majority of developed countries stated their satisfaction with the performance of the GEF whereas the developing countries had several reservations in this respect. The developing countries stated their concerns over the implementation of the Resource Allocation Framework (RAF)²⁵⁰ (see Box 11), access to funds, conditions required for co-financing of GEF-financed projects and transparency of its procedures.

Although the GEF was finally given some guidelines on these questions²⁵¹, the SBI is thinking about providing it with additional guidance, in order to recommend a draft decision for adoption by the COP-16²⁵¹. The SBI has asked the GEF to report to it on the outcome of starting up the 5th replenishment cycle to supplement this draft decision²⁵³. The GEF is expected to report on the new STAR mechanism (see Box 11).

The SBI is assessing the implementation of the Special Climate Change Fund

The Parties had agreed at the COP-12 to assess progress in implementing the Special Climate Change Fund (SCCF) at the COP-15 (Copenhagen). This would cover financing activities, programmes and actions to mitigate adverse impacts of response measures, mainly in countries with economies highly dependent on the fossil fuel market^{254, 255}. These activities, programmes and actions mainly target economic di-

249. Decision 12/CP.2.

250. GEF, 2005a.

251. Decision 4/CP.14.

252. Decision 7/CP.15.

253. FCCC/CP/2010/5.

254. More specifically, this means here developing country Parties included in sub-paragraph h of Article 4.8 of the Convention, i.e. "countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products".

255. Decision 1/CP.12.

versification, energy efficiency and support for low-carbon technologies and energy sources²⁵⁶.

As at 10 September 2010, only three of 28 projects approved for financing under the SCCF were targeting directly the support for technologies for mitigation, i.e. the equivalent of about 11% of approved disbursements²⁵⁷. The other projects are mainly targeting adaptation to the impacts of climate change.

In Copenhagen and then in Bonn in June 2010, the SBI agreed to pursue the questions over the SCCF implementation assessment and additional guidelines on how the SCCF will select the projects²⁵⁸.

The SBI recommends to that the CMP-6 delays the initial review of the Kyoto Protocol Adaptation Fund

The atypical nature of the Adaptation Fund, established at the COP-7²⁵⁹, has proved very controversial, especially in its management and governance. The institutional arrangements of the Fund were therefore only finalized at the CMP-3, with the establishment of the Adaptation Fund Board (see Box 12). In Poznań, the Parties agreed on the importance of making all aspects of the Fund fully operational, so that the eligible Parties could submit project proposals for financing as quickly as possible in 2009. Nevertheless, the project selection procedure started in 2010 and eight projects were proposed.

The CMP-4 adopted the internal rules of the Adaptation Fund Board as well as its priorities, policies and strategic modalities²⁶⁰. These were the basis used by the Fund Board to prepare, during 2009, the specific principles and operating guidelines governing access by Parties to the Adaptation Fund's resources²⁶¹. These principles and guidelines include the precise eligibility criteria and the methods for establishing financing priorities. Since 2009, the World Bank, as Fund Administrator, has carried out several sales of certified emission reductions (CERs) under the Fund's CER monetization programme²⁶². As at 31 July 2010, 6.645 million CERs had been sold,

256. In accordance with paragraphs 22 to 29 of Decision 5/CP.7, Application of paragraphs 8 and 9 of Article 4 of the Convention (Decision 3/CP.3 and paragraphs 3 of Article 2 and 14 of Article 3 of the Kyoto Protocol).

257. GEF Project List. See: <http://gefonline.org/>.

258. FCCC/SBI/2009/L.14 and FCCC/SBI/2010/10.

259. Decision 10/CP.7.

260. Decision 1/CMP.4.

261. Adaptation Fund Board, 2009a.

262. Adaptation Fund Board, 2009c.

generating an income of US\$112.5 million²⁶³. CER monetization is an essential stage in financing adaptation projects under this Fund. In addition to donation pledges from various countries, the Adaptation Fund received donations of 57.1 million, mainly from Spain (US\$57) and the Government of Monaco (US\$12,970)²⁶⁴.

In Copenhagen, the German Government offered to give the Adaptation Fund Board the legal capacity to hold rights and obligations. The CMP-5 encouraged the Fund Board to do everything necessary to achieve this and asked for a progress report in Cancún. It adopted amendments to the internal regulations of the Fund Board²⁶⁵.

At the same time, to assess the effectiveness of the Adaptation Fund, the CMP-5 requested the SBI to prepare terms of reference for the initial review of the Adaptation Fund between now and Cancún²⁶⁶. This review intends to examine all the aspects relating to the Fund, including the interim institutional arrangements.

A preliminary version of these terms of reference was put together during the SBI-32 in Bonn²⁶⁷. However, the SBI felt that a full review of the Fund would not be possible given the short space of time since it became operational. The SBI is therefore recommending to the CMP-6 to plan for this review between now and its 7th session and to make reviewing the interim arrangements required for the Fund to operate correctly up to the CMP-7 a priority in Cancún, including evaluating the mandates of the World Bank as administrator and the GEF as secretariat²⁶⁸. The SBI-33 will send the rough draft of the terms of reference to the CMP-6 to start the review process.

263. World Bank, 2010.

264. World Bank, 2010.

265. Décision 4/CMP.5

266. Décision 5/CMP.5.

267. FCCC/SBI/2010/10, Anexe VII.

268. FCCC/SBI/2010/10.

BOX 12.
Adaptation Fund

Sources of financing: The Adaptation Fund is funded mainly by a fee of 2% of certified emission reductions (CERs) from CDM projects²⁶⁹. It can also receive contributions from other sources of financing such as donations²⁷⁰. The Adaptation Fund is therefore the first UNFCCC financial instrument where financing is not based entirely on voluntary contributions from donor countries.

Eligibility criteria:

The developing country Parties to the Kyoto Protocol which are exposed particularly to the negative impacts of climate change are eligible for the Adaptation Fund^{271, 272}.

Access to financing:

There are three ways for eligible countries to access financing²⁷³:

- Direct access to the Funds;
- Via implementing entities;
- Via nationally-approved executing entities.

Principles and modalities governing the financing of activities: :

The Adaptation Fund operates on the basis of the following principles and modalities²⁷⁴:

- Adaptation projects are financed on the basis of full project costs, not agreed additional costs;
- Financing may be granted for national, regional and community activities;
- The Fund finances concrete adaptation projects and programmes, undertaken at the initiative of countries and based on the needs and priorities of eligible countries;
- Contributions can be received from other sources.

269. Decision 17/CP.7.

270. As at 31 August 2009, eight countries had offered grants to the Adaptation Fund totalling US\$1.6 million. Reimbursable loans and grants totalling US\$1.68 million had also been received. See World Bank, 2009.

271. Decision 1/CMP.3.

272. The COP-CMP recognises that "low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change" (Decision 28/CMP.1).

273. Decision 1/CMP.3.

274. Decision 5/CMP.2.

Adaptation Fund governance:

An Adaptation Fund Board has been created to supervise and manage the Fund under the guidance and auspices of the COP-CMP²⁷⁵. It comprises a majority of Parties not included in Annex I to the Convention and has sixteen members elected officially, representing the Parties to the Kyoto Protocol. The members are chosen as follows:

- Two representatives of each of five groups of United Nations member States;
- One representative of the small island developing States;
- One representative of the least developed countries;
- Two other representatives of Annex I Parties;
- Two other representatives of non-Annex I Parties;

The Board is supported by an administrator with fiduciary responsibility and a secretariat. It was decided that the World Bank and GEF would take on these respective roles provisionally until the review planned for the COP-CMP-6 (2010)²⁷⁶.

Main issues relating to the financing mechanism for developing countries

The financing mechanism raises major negotiation issues such as the scale of the financing and the modalities for accessing and granting the financing.

These issues will be addressed during the fourth review of the Convention's financial mechanism and when assessing progress in implementing the SCCF. For this purpose, the Parties may formulate recommendations for the GEF when considering its annual report.

The financing mechanism serves to supervise the financial flows to developing countries. As such, this question touches the heart of discussions on a negotiations mandate in view of a post-2012 regime.

4.3 Forest-related questions

To date, deforestation and degradation of forests emit up to 25% of annual GHG emissions²⁷⁷. Reducing GHG emissions from deforestation and degradation in the developing countries has been a major negotiation focus since its inclusion on the agenda at the COP-11 in 2005²⁷⁸. Since then, the Parties have broadened their views on many facets of this issue and, during the COP-13, the Parties agreed to discuss the methodological issues of reducing GHG emissions attributable to deforestation and degradation (REDD), mainly during SBSTA meetings²⁷⁹.

275. Decision 1/CMP.3.

276. *Ibid.*

277. IPCC, 2007a.

278. FCCC/CP/2005/MISC.1.

279. FCCC/SBSTA/2007/L.23/Add.1/Rev.1.

Considerable progress was made in Copenhagen on the methodological questions with the adoption by the COP-15 of a text on REDD prepared by the SBSTA²⁸⁰. Tremendous progress was made on the technical REDD issues thanks to this text. It was decided in Copenhagen to use national and sub-national (provided they are incorporated into a national system) systems for the forest carbon inventories. The request was also made for national reference emission levels for forests to take account of historical data and be adjusted according to national situations. Another major advance in Copenhagen was the request to developing countries to identify the decisive factors in deforestation and degradation of forests causing emissions and how to remedy them.

The text adopted in Copenhagen also states the use of guidelines from the Intergovernmental Panel on Climate Change (IPCC) to estimate the emissions from land use activities, removals by sinks, forest carbon stocks and variations in forest areas in developing countries. To promote the use of these guidelines, the SBSTA-32, in June 2010, encouraged holding workshops to build up the capacity to use the most recent IPCC guidance and guidelines. The Parties and competent organizations were also requested to share any useful information and experiences via the Internet platform²⁸¹. In this respect, the informal meeting (25-26 May 2010) on capacity building in using IPCC guidelines identified certain actions which would make the use of these guidelines easier. For example, training of regional experts, sharing experiences with the use of these guidelines at regional scale and preparing a tutorial guide for use by new users of guidelines have been singled out as key elements for the successful application of the IPCC guidelines²⁸². The participants in the informal meeting also emphasized the need for greater integration of forest-linked parameters in the IPCC emission factor database²⁸³.

In addition, to promote afforestation and reforestation activities, the SBSTA was requested in Copenhagen to review the impact on the potential inclusion of lands with forests in exhaustion under afforestation and reforestation (A/R) activities of the Clean Development Mechanism (CDM).

280. Decision 4/CP.15.

281. http://unfccc.int/methods_science/redd/items/4531.php.

282. Expert meeting Report. Informal meeting of experts on enhancing coordination of capacity building activities in relation to using the IPCC guidance and guidelines, as a basis for estimating forest-related greenhouse gas emissions and removals, forest carbon stock and forest area changes, Bonn, Germany, 25–26 May 2010.
http://unfccc.int/files/methods_science/redd/application/pdf/expert_meeting_report.pdf

283. <http://www.ipcc-nggip.iges.or.jp/EFDB/main.php>.

The SBSTA is reviewing the impacts of the potential inclusion of lands with forests in exhaustion under afforestation and reforestation activities of the CDM

The eligibility of A/R activities under the CDM depends on satisfying precise criteria about the land on which the project is taking place. To date, any A/R project on forest lands, in the meaning of the national definition of forest in each of the host countries, as at 31 December 1989 is excluded from the CDM²⁸⁴. Since 2008, the CDM Executive Board has been considering accepting projects taking place on forest lands as at 31 December 1989 but where the forests have become exhausted. These projects would encourage reforestation of existing forests which are becoming exhausted, through CDM carbon financing.

The Executive Board has noted that section D of the Annex to Decision 16/CMP.1, which defines A/R activities eligible under the CDM, must be modified for these activities to become eligible. This would mean the addition of reforestation of land which was not covered by forest or lands with forests in exhaustion as at 31 December 1989²⁸⁵.

The definition of land with forests in exhaustion is the central issue. The promoter has in fact to prove that the forest being exhausted is incapable of regenerating by itself. The proposal is that eligible lands would be lands which can be proved to have been converted into non-forest lands within five years through final harvesting. Another issue raised in particular by several non-governmental organizations is the possible counter-incentive to preserving forest lands. The fear is that forest lands are exhausted deliberately to claim carbon credits for reforestation activities.

These questions are new issues for the SBSTA. In Bonn (June 2010), Nicaragua and Saudi Arabia came out against the eligibility of A/R activities in lands in exhaustion whereas Brazil, Indonesia, Togo and India asked that consultations be held on this issues in Cancún²⁸⁶.

Following the report by the CDM Executive Board in Copenhagen on including these activities under the CDM, the CMP-5 requested the SBSTA to examine the implications of the eligibility of reforestation on lands with endangered forests as A/R activities under the CDM²⁸⁷.

284. Decision 16/CMP.1

285. FCCC/KP/CMP/2009/16.

286. IISD, 2010b.

287. Decision 2/CMP.5.

The main forest-related issues

Given that a large number of methodological issues were dealt with in Copenhagen, the main task of the SBSTA-33 will be to lay down the milestones for concrete actions.

The SBSTA will also have to decide on the impacts of the potential inclusion of lands with forests in exhaustion under CDM afforestation and reforestation activities.

4.4 Capacity building

The entry into force of the Kyoto Protocol emphasized the need for capacity building, especially regarding CDM activities²⁸⁸. Capacity building activities are intended to help developing countries and countries with economies in transition to participate fully in the application of the Convention and the processes resulting from the Protocol²⁸⁹. This is a cross-cutting topic, referred to by numerous COP and CMP decisions²⁹⁰. The Marrakesh Accords established the *Framework for capacity building in developing countries*²⁹¹ and the *Framework for capacity building activities in countries with economies in transition* (see Box 13)²⁹². The Parties decided during the CMP-1 that these frameworks would also apply to capacity building activities under the Kyoto Protocol²⁹³.

288. Okereke, C. et al. 2007.

289. By virtue, in particular, of Article 4.5 of the Convention and Article 10 (e) of the Kyoto Protocol.

290. For example, capacity building activities are very closely linked with the financing mechanisms. Capacity building is especially at the heart of Global Environment Facility projects.

291. Decision 2/CP.7.

292. Decision 3/CP.7.

293. Decision 29/CMP.1 and Decision 30/CMP.1

BOX 13.

The two capacity building frameworks

The *Framework for capacity building in developing countries*, which targets especially the least developed countries (LDCs) and the Small Island Developing States (SIDS) and the *Framework for capacity building activities in countries with economies in transition* propose principles and measures to be respected when implementing capacity building activities. These frameworks have been set up to guide multilateral and bilateral development aid agencies, including the GEF, in financing capacity building activities.

In addition, the capacity building frameworks include a list of priority objectives and areas for action. They specify more particularly:

- The areas where developing countries need to build up their capacities (national communications, CDM, public awareness-raising, etc.);
- Measures to implement frameworks (South-South cooperation, encouraging multi-sectoral participation, etc.);
- The possible financing methods to ensure the operation of capacity-building activities.
- An implementation timetable and mechanism for reviewing progress made.

As capacity building is an on-going and iterative process, it is essential to assess and monitor capacity building activities regularly to ensure they are effective. The capacity building frameworks also provide for the COP to ensure effective implementation through its appropriate subsidiary bodies²⁹⁴.

The SBI is discussing the second in-depth review of the implementation of the Framework for capacity building in developing countries, to recommend draft decisions to the COP and CMP.

At the COP-10, the Parties decided to undertake a second in-depth review of the implementation of the Framework for capacity building in developing countries at the SBI-28; this would be finished during the COP-15²⁹⁵. The CMP-4 furthermore recognized that the second in-depth review under the Convention was also applicable to capacity building under the Kyoto Protocol²⁹⁶.

294. Decision 2/CP.7 and Decision 3/CP.7.

295. In accordance with Decision 2/CP.7, which requests an in-depth review of the framework implementation at the ninth session, then every five years.

296. FCCC/SBI/2008/L.8.

In 2009, the plan was for the SBI to prepare two draft decisions on the outcome of the second in-depth review for adoption during the COP-15 and the COP-CMP-5. The SBI was not in a position to finalize the deliberations on this question, as the Parties held diverging views on the development of performance indicators for use in monitoring and assessing capacity building at national level. The SBI therefore continued its discussions on the topic in 2010, culminating in two draft decisions which should be finalized in Cancún for adoption by the COP-16 and the CMP-6²⁹⁷.

The main differences still to be clarified cover:

- the role of the private sector in capacity building;
- the national nature of the capacity building process which must meet the specific needs of each country;
- cooperation between developing and developed countries to conceptualize ideas and develop approaches; and
- building up national and regional research institutions.

The text intended for the COP-16 underlines the need for an improved framework at systemic, institutional and national scale and for consultation with miscellaneous stakeholders throughout the project process. This text also encourages South-South and triangular cooperation and requires technical support at the focal points. The rough text envisages especially setting up a group of experts in capacity building and putting together a five-year action plan including a timetable, financial needs and sources of financing and which considers the emerging needs in developing countries²⁹⁸.

The text intended for the CMP-6 asks the Parties to concentrate their efforts on training experts for activity implementation, the provision of technical expertise for the quantification of changes in carbon stocks in the soils and improved geographical distribution of CDM projects²⁹⁹.

The main issues relating to capacity building

The Parties have undertaken a second in-depth review of the implementation of the *Framework for capacity building in developing countries* at the SBI-28; this was due to be finished during the COP-15. Having failed to reach consensus, the Parties carried the adoption of the text forward to the COP-16 and CMP-6.

The SBI-33 will pursue its discussions on the methods to be emphasized to monitor the *Framework for capacity building in developing countries* in order to recommend draft decisions to the COP-16 and COP-CMP-6.

297. FCCC/SBI/2010/10, Annex V and VI.

298. FCCC/SBI/2010/10, Annex V.

299. FCCC/SBI/2010/10, Annex VI.

4.5 Technology development and transfer

Under the UNFCCC and Kyoto Protocol³⁰⁰, the Annex II Parties have agreed to promote, facilitate and finance the transfer of knowledge and technologies, especially towards developing countries, so as to disseminate GHG emission reduction and climate change adaptation technologies. Based on this commitment, the Marrakesh Accords set up a *Framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention* (see Box 14)³⁰¹. In this respect, the Expert Group on Technology Transfer (EGTT) was also entrusted with enhancing the application of Article 4.5 of the Convention. However, during the Nairobi Conference in 2006, a problem was encountered over renewing its mandate. The developing countries, in favour of establishing a "Technology Transfer and Development Board" and a "Multilateral Technology Acquisition Fund", opposed strongly the desire of developed countries simply to enhance the EGTT mandate. The Parties therefore decided in Nairobi to renew the EGTT mandate for one year to allow further discussion to take place in Bali³⁰². During the COP-13, the Parties then agreed to renew the EGTT mandate for five years³⁰³.

BOX 14.

Framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention

The *Framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention* aims to implement five categories of activity which will facilitate technology transfers to developing countries:

1. Technology needs assessment;
2. Exchange of information on technologies, among other things through the Technology Information Centre (TT:CLEAR)³⁰⁴;
3. The creation of a propitious environment for technology transfer, especially towards developing countries and countries with economies in transition;
4. Capacity building;
5. The introduction of technology transfer mechanisms.

The setting up of the Technology Transfer Framework is mainly financed by the Global Environment Facility (GEF) and the Special Climate Change Fund (SCCF) (see Section 4.2).

300. By virtue of Article 4.5 of the Convention and Article 10 (c) of the Kyoto Protocol.

301. "Framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention", Decision 4/CP.7.

302. Decision 5/CP.12.

303. Decision 3/CP.13.

304. See: <http://unfccc.int/home/items/3092.php>.

The SBI and SBSTA are continuing to review the work of the EGTT

During the COP-13, the Parties agreed that the entire Technology Transfer Framework still constituted a solid basis for enhancing the application of Article 4.5 of the Convention and adopted a set of actions to develop each of the five themes in the Technology Transfer Framework³⁰⁵. The Parties also agreed that the EGTT should report on its progress in enhancing the application of Article 4.5 of the Convention to both the SBSTA and the SBI.

Having approved the 2008-2009 EGTT work programme a first time^{306, 307}, the SBSTA and SBI reviewed its 2010-2011 work programme³⁰⁸ and adopted an updated version in June 2010³⁰⁹. During the 33rd session, the SBI and SBSTA continued to review the EGTT session report inspired by the results of its sixth session (held in Beijing, China on 1-3 November 2010)³¹⁰.

In addition, the SBI and SBSTA requested the EGTT, during their 32nd session, to put together proposals on the operational modalities of two entities to be created, as suggested during discussions in the AWG-LCA - the Technology Executive Committee³¹¹ and the Climate Technology Centre and Network³¹². The EGTT is expected to table options for making these entities potentially operational, for examination between now and Cancún.

The SBSTA is considering the EGTT report on the options for facilitation collaboration in technology development and transfer

The EGTT work programme gives it responsibility for examining options to facilitate the collaboration in technology development and transfer at international, regional and national scale, before submitting a report to the SBSTA-33. Inspired by

305. Decision 3/CP.13.

306. FCCC/SBSTA/2008/L.4.

307. The work programme includes plans for the 2008-2012 and post-2012 periods.
See FCCC/SBSTA/2008/INF.1.

308. FCCC/SB/2009/INF.6.

309. FCCC/SBI/2010/10.

310. FCCC/SB/2010/INF.4.

311. As proposed in the document: FCCC/AWGLCA/2010/6, Annex III, paragraph 7 (a-d), (g) and (i)

312. As proposed in the document: FCCC/AWGLCA/2010/6, Annex III, paragraph 10 (a-c) and (d) (i-v).

previous work³¹³, the EGTT has produced this report paying particular attention to the technology development and transfer needs for adaptation and those of LDCs, African countries and SIDS. Special attention has been paid to the triangular North-South and South-South cooperation, current non-UNFCCC initiatives and public-private partnerships.

In this respect, the two subsidiary bodies have also stated on several occasions in 2009 and 2010 that the private sector plays a decisive role and suggested that the EGTT organize more informal dialogue with the business world³¹⁴. The SBSTA underlined in Copenhagen the need to reflect on creating an effective means to involve the private sector more in the process and suggested creating a permanent forum. Members of the economic and financial community could use this forum to communicate regularly their assessment of actions for potential use by Parties to make development and transfer of ecotechnologies and ecopractices more effective³¹⁵. The Private Financing Advisory Network of the Climate Technology Initiative³¹⁶ was one example given. Created jointly by the Climate Technology Initiative and the EGTT, this network supports developers of green technologies in their quest for financing.

In terms of financing, the SBSTA-33 will be responsible for doing everything necessary to facilitate the financing of technologies. The reports of the results of regional workshops for the Latin America and Caribbean region (held in Belize on 5-7 May 2010) on preparing and financing transfer projects will be sent to the SBSTA to advise it on the actions to be taken.

The SBSTA-33 will also consider a report on the outcome of the workshop on good practices when assessing technological needs and on the regional training workshops for future instructors. The SBSTA will formulate recommendations on future actions to be taken in the light of these reports.

313. As such, the Strategy paper for the long-term perspective beyond 2012, including sectoral approaches, to facilitate the development, deployment, diffusion and transfer of technologies under the Convention (FCCC/SB/2009/3/Summary) could prove useful.

314. *Ibid.*

315. FCCC/SBSTA/2009/8

316. <http://www.climatech.net/template.cfm?FrontID=5142>

The SBI is studying the GEF stage report on the Poznań strategic technology transfer programme.

In Bali, the Parties requested the GEF to prepare a strategic programme to increase the amount of investment set aside for technology transfer, to help developing countries face up to their need for economically viable technologies. It was scheduled to report on its conclusions at the SBI-28 (June 2008)³¹⁷. More specifically, the GEF mandate was to determine how such a strategic programme could be implemented and to examine its links with new and existing technology transfer activities and initiatives.

The GEF Board was unable to agree on a provisional programme for consideration at the SBI-28. The report presented was more an outline of the work undertaken until then by the GEF in terms of technology transfer and the sources of financing already available for it³¹⁸. The European Union and Japan welcomed this report favourably, but several other Parties, including the G-77/China, were disappointed with its content. On the overall technology issue, the developing countries would like to see a new fund created, accessible directly and calling on new sources of financing. The developed countries, on the other hand, would prefer to reform the existing institutions before envisaging the creation of new mechanisms³¹⁹. Ultimately, it was decided that the GEF would submit another document in Poznań which would take into account fully the elements requested in its mandate³²⁰.

The COP-14 rechristened the programme in Poznań - the "*Poznań strategic programme on technology transfer*"³²¹. The main purpose of this initiative is to give new impetus to the work on expanding investment into technology transfers helping developing countries face up to their needs for ecologically-rational technologies. In this respect, the GEF has been requested to provide interim reports during the SBI sessions and a report to the COP-16 (2010) on the progress made.

317. *Ibid.*

318. FCCC/SBI/2008/5.

319. UNDP 2009a, p.13

320. FCCC/SBI/2008/L.7.

321. Decision 2/CP.14.

The significant GEF actions under this programme include³²²:

- **Support for developing countries in assessing their technological needs and updating this assessment, and preparing their technological action plans.** The support of the United Nations Environment Programme (UNEP) in this phase of the programme is significant; it is working to set up an Internet platform and database and to develop practical tools to help finalize actions plans.
- **Implementation of pilot projects:** in March 2010, fourteen pilot projects had been approved and the GEF was getting ready to validate the preparation plans.
- **Consideration of aspects relating to the implementation of the Poznań strategic programme:** during its 5th replenishment cycle in May 2010 (for the 2010-2014 period), the GEF restated its commitment in the programme and its wish to encourage regional technological centres and networks. GEF is planning to grant US\$300 million for technology development and transfer. This will be used to promote three or four different technologies in some fifteen countries with an 80% targeted success rate. The GEF is also hoping to create an environment which encourages the development of low-carbon technologies by supporting the preparation of national technology development and marketing strategies³²³.

When considering the GEF report on this programme in December 2010, the SBI-33 will pay special attention to aspects relating to the long-term implementation of the programme to do whatever is required to keep it in place.

However, progress on technology issues will predictably be more noticeable under the AWG-LCA, which has to decide on whether or not to instigate new mechanisms and new sources of financing. The outcome of the AWG-LCA on these questions will undoubtedly have a certain impact on the SBI and SBSTA discussions on technology development and transfer.

Main issues relating to enhanced action on technology development and transfer

The Expert Group on Technology Transfer (EGTT) will submit a report to the SBSTA on the options for facilitating collaboration in technology development and transfer at international, regional and national scale. The SBSTA could also take measures to facilitate the financing of technologies based on the outcomes of two workshops in Latin America and Asia.

Regarding the financing of technology development and transfer, the SBI will consider the GEF report on the Poznań strategic programme for technology transfer during the COP-16 and will pay special attention to aspects linked to implementing the long-term perspectives of the programme, to do everything necessary to keep it in place.

322. FCCC/SBI/2010/4.

323. GEF, 2010b.

In addition, the AWG-LCA has started discussion the modalities for enhanced action in technology development and transfer, thereby showing the significance of this topic for the post-2012 regime. For this purpose, the SBI and SBSTA will consider the options formulated by the EGTT on the operational modalities of two entities to be created, as suggested during discussions in the AWG-LCA - the Technology Executive Committee³²⁴ and the Climate Technology Centre and Network.³²⁵

4.6 National communications and national inventories

National communications are a tool used by a national government to report on progress made in implementing the Convention in its territory. The Annex I Parties had to submit their fifth national communication to the Secretariat by 1 January 2010 at the latest³²⁶ whilst each non-Annex I Party had to submit its initial communication within three years of ratifying the Convention or according to the availability of financial resources (except LDCs, which are free to choose the date)³²⁷.

Issues relating to communications by non-Annex I Parties

In September 2010, 137 of 150 non-Annex I Parties had submitted their initial national communications and 27 of them had also submitted their second communications³²⁸. Only Mexico has submitted its third and fourth national communications (in November 2006 and December 2009 respectively). In Bonn in 2010, the SBI declared its satisfaction with the support work by the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention³²⁹. The SBI-33 should in particular provide it with guidelines on its continued support for non-Annex I Parties.

324. As proposed in the document: FCCC/AWGLCA/2010/6, Annex III, paragraph 7 (a-d), (g) and (i)

325. As proposed in the document: FCCC/AWGLCA/2010/6, Annex III, paragraph 10 (a-c) and (d) (i-v).

326. Decision 10/CP.13.

327. By virtue of Article 12.5 of the Convention.

328. See http://unfccc.int/national_reports/non-annex_i_natcom/submitted_natcom/items/653.php.

329. FCCC/SBI/2010/21.

The SBI is also responsible for reviewing the information contained in the national communications from non-Annex I Parties. Several developed countries, including Australia, on behalf of the Umbrella Group, Switzerland and the European Union, have asked the SBI to consider the information communicated by non-Annex I Parties "in all of their national communications, including their second and [...] subsequent national communications"³³⁰. Nevertheless, this point has remained unresolved in many SBI meetings due to repeated objections by developing countries. At the SBI-30, the G-77/China stated that any process to consider the information contained in national communications by non-Annex I Parties was unacceptable. The OSM-33 nevertheless plans to give indications on the examination process of information contained in national communications of non-Annex I Parties, in accordance with Article 10.2 of the Convention and communication submission intervals³³¹.

Issues relating to communications and inventories of Annex I Parties.

Forty of the 41 Annex I Parties had submitted their fifth national communications as at 10 January 2010³³². The SBI will consider the status of fifth communication submissions in Cancún and will announce whether there is a need for grouped reviews for Parties emitting more than 50 million tCO₂e, for example. Another task for the SBI-33 in Cancún is deciding on the submission date for sixth communications, which could not be set in Copenhagen³³³.

In addition, under UNFCCC Articles 4 and 12, the Annex I Parties have to provide a regular inventory of their GHG emissions according to strict accounting methodologies and standards. These inventories are reviewed subsequently by UNFCCC-accredited experts who verify their exactness and their compliance with the recommended accounting methodologies and guidelines. The CMP-5 was anxious to build up the capacity of UNFCCC experts for the technical review of emission inventories submitted by Parties. It therefore decided to prepare and implement an updated training programme for members of teams responsible for the technical

330. FCCC/SBI/2006/MISC.12.

331. FCCC/SBI/2010/11.

332. Turkey is the only country not to have submitted its fifth national communication. See http://unfccc.int/national_reports/annex_i_natcom/submitted_natcom/items/4903.php.

333. FCCC/SBI/2010/11.

examination of GHG inventories of Annex I Parties³³⁴. The SBSTA, in charge of monitoring this programme, will also consider in Cancún the report on the technical review of GHG inventories of Annex I Parties and the report on the technical review of GHG inventories and other information of Parties included in Annex I of the Convention which are also Parties to the Kyoto Protocol³³⁵. These reports suggest a list of experts for the review and improvements to the review process itself.

The SBI also monitors reports on the national communications and GHG inventories of Annex I Parties. In Copenhagen and then in Bonn in 2010, the SBI considered the report for the 1990-2007 period³³⁶. This report notes that, for all Annex I Parties, global GHG emissions except for emissions/removals in the Land Use, Land Use changes and Forestry (LULUCF) sector have, in total, dropped by 3.9% from 1990 to 2007 (a 5.2% drop if the LULUCF sector is included)³³⁷. The SBI-33 will continue to consider this report in Cancún and will start reviewing the report for the 1990-2008 period³³⁸.

A GHG data Internet platform has been set up to make it easier to review GHG data submitted by the Parties through national communications and inventories. The SBSTA has nevertheless noted the limited search indicators and that adding indicators like GDP and population could improve the quality of the interface considerably. The SBSTA will consider other ways of improving the interface at its 33rd session³³⁹.

The SBI is formulating additional guidance for the GEF on the provision of financial resources to cover all costs incurred to prepare national communications of non-Annex I Parties

In September 2005, the Global Environment Facility (GEF) adopted a Resource Allocation Framework (RAF) for biodiversity and climate change. The aim of this framework is to "distribute the limited GEF resources for the best [...] so that the allo-

334. Decision 8/CMP.5.

335. FCCC/SBSTA/2010/INF.8 and FCCC/SBSTA/2010/INF.9.

336. FCCC/SBI/2009/12.

337. FCCC/SBI/2009/12.

338. FCCC/SBI/2010/18.

339. FCCC/SBSTA/2010/7.

cated financing has the greatest impact on improving the world environment [...] ³⁴⁰". The RAF thus allocates financing to the beneficiary country projects according to their ability to help improve the environmental state of the planet and according to "their political and practical capabilities encouraging the correct execution of GEF projects ³⁴¹".

In Bali, the G-77/China and Small Island Developing States (SIDS) were against applying the RAF to the national communications of non-Annex I Parties, emphasizing the need for financing for the total cost and the fact that the COP had not given the GEF any guidelines on the subject. The Parties therefore decided to provide additional guidelines on this question and, among other things, asked the GEF to make sure it provided sufficient financial resources to cover all expenditure potentially incurred by developing countries to fulfil their reporting obligations ^{342, 343}.

This request was repeated by the COP-14 and the GEF provided information in response to these guidelines in its report to the COP-15 in Copenhagen. As it was still unable to formulate recommendations, the SBI decided to continue considering this issue in 2010 and formulate additional guidance in Cancún ³⁴⁴. In addition, in Copenhagen, the Parties decided that the recommendations to the GEF over the provision of financial resources to prepare national communications of non-Annex I Parties would also be addressed under the review of the Convention's financial mechanism.

In order to formulate additional guidelines in Cancún, the OSM-32 invited the GEF to provide information on the outcome of its 10th Assembly (held in May 2010) and the implications of new resource allocation modalities to finance national communications of non-Annex I Parties: the System for Transparent Allocation of Resources (STAR) (see Box 11) ³⁴⁵. The SBI also asked the GEF to advise on the measures taken to allay the fears of developing countries on the ability of implementing entities to disburse the necessary funds. The developing countries are encouraged to submit proposals to the GEF on their financial needs to prepare their subsequent national communications to ensure financing continuity ³⁴⁶.

340. GEF, 2005.

341. GEF, 2006.

342. By virtue of Article 12.1 of the Convention.

343. Decision 7/CP.13.

344. Decision 7/CP.15.

345. FCCC/SBI/2010/INF.10.

346. FCCC/SBI/2010/10.

In its report on the 5th replenishment cycle (2010), the GEF reiterates its commitment to supporting the preparation of national communications and envisages an increase in financial resources and technical support, mainly through providing analysis tools and training. The GEF notes that the non-Annex I Parties frequently come up against questions relating to the emission data and factors³⁴⁷.

The SBSTA is continuing to revise the guidelines for annual inventories of Annex I Parties.

The SBSTA launched a work programme³⁴⁸ during its 30th session in 2009 to revise the guidelines for annual inventories of Annex I Parties, including the common format reporting tables, for use between now and 2015. The main issue focuses on the methodological questions related to using the 2006 IPCC guidelines for the national GHG inventories.

The SBSTA is working with the IPCC to carry out the work programme to a timetable fixed in June 2010 and encourages the holding of workshops, like in Bonn (on 27-28 May 2010). The outcome of IPCC workshops also serve to fuel the debates. The SBSTA has in particular asked the IPCC to organize workshops on the methodological issues relating to harvested wood products, marshes and nitrous oxide emissions from soils and to report on their results during its 33rd session in Cancún.

In Cancún, the SBSTA-33 will thus continue to revise guidelines and will suggest holding workshops if necessary.

The main issues relating to national communications and national inventories

To ensure financial support for all costs incurred by the non-Annex I Parties in putting their national communications together, the SBI-33 is preparing additional guidance for the GEF, which is in charge of providing the financing required for the communications. The planned measures during the 5th GEF replenishment cycle could prove useful in considering the GEF's efforts.

In addition, the SBI should also:

- **for the communications of non-Annex I Parties:**
 - provide guidelines for the Consultative Group of Experts on National Communications from Parties not included in Annex I; and
 - give indications on the examination process of information contained in national communications of non-Annex I Parties, in accordance with Article 10.2 of the Convention and communication submission intervals.

347. GEF, 2010d.

348. FCCC/SBSTA/2010/6, Annex II.

- **for the communications and inventories of Annex I Parties:**
 - examine the submission status of fifth communications in Cancún;
 - decide on the date for submitting sixth communications and consider the frequency of subsequent communications; and
 - pursue the report on the national communications and the GHG inventories of Annex I parties for the 1990-2007 period and start reviewing the report for the 1990-2008 period.

The SBSTA-33 will:

- continue revising guidelines for annual inventories of Annex I Parties and suggest holding workshops to finalize the revision in 2015;
- consider the report on the technical review of GHG inventories of Annex I Parties; and
- consider the report on the technical review of GHG inventories and other information of Parties included in Annex I of the Convention which are also Parties to the Kyoto Protocol.

The SBSTA will also suggest ways of improving the UNFCCC's GHG data Internet interface.

L'OSCST proposera également des manières d'améliorer l'interface Internet des données de GES de la CCNUCC.

4.7 Procedures and mechanisms for compliance with provisions

The procedures and mechanisms for compliance with the Kyoto Protocol provisions, included in the Marrakesh Accords, are intended to help and ensure that the Parties to the Protocol achieve their commitments. They preserve the environmental integrity of the Protocol and make the carbon market credible. The CMP-1 made them operational³⁴⁹ and set up the Compliance Committee (see Box 15). The Committee presented its first annual report at the CMP-2³⁵⁰. Having considered this report, the CMP adopted the Compliance Committee's internal regulations, which include additional rules of procedure³⁵¹. Amendments to these internal regulations were adopted during the CMP-4 on a proposal by the Committee³⁵².

349. Decision 27/CMP.1.

350. FCCC/KP/CMP/2006/6.

351. Decision 4/CMP.2.

352. Decision 4/CMP.4.

The SBI-33 is invited to continue considering mechanisms for compliance with provisions.

BOX 15.

Procedures and mechanisms for compliance with the provisions of the Kyoto Protocol

The procedures and mechanisms for compliance with the Kyoto Protocol provisions are among the most powerful and the most sophisticated ever established by a multilateral environmental agreement. The Compliance Committee implements these procedures and mechanisms.

The Compliance Committee performs its functions through two branches. Firstly, the facilitative branch advises and assists Parties in difficulty with achieving the commitments they have made under the Kyoto Protocol. It encourages compliance with commitments by acting in a preventive fashion. Secondly, the enforcement branch checks Parties' compliance with their commitments and can apply consecutive measures in cases of non-compliance. The Committee communicates its decisions to the CMP and applies the guidelines.

The Compliance Committee will exercise its functions beyond the first commitment period, independently of the post-2012 regime. Compliance with commitments will mainly be assessed from the report of quantified commitments after the additional time granted, i.e. one hundred days from the date set by the CMP for the experts to finish the examination process. The Compliance Committee could therefore remain operational until 2015.

Sources: Yamin and Depledge 2004 and Gagnon-Lebrun *et al.* 2005

4.8 Methodological questions arising from the Convention and the Protocol

Four methodological issues regarding the Protocol and the Convention will feature highly in Cancún. The three issues over the Kyoto Protocol deal with the eligibility of carbon capture and storage activities in geological formations as an activity under the Clean Development Mechanism (CDM), the normalized baselines for the CDM and the common metrics used to compare the warming potential of various GHG. The main methodological question related to the Convention covers the emissions attributable to fuels used in international air and maritime transport.

The SBSTA is considering the eligibility of carbon capture and storage in geological formations as a CDM activity (Protocol).

Carbon capture and storage in geological formations is a process whereby carbon dioxide (CO₂) is extracted from combustion fumes in industrial facilities, transported and stored in a geological formation³⁵³. The aim of this storage is to enclose the CO₂ underground, in oil-bearing or natural gas fields, unworkable layers of fossil coal or deep saline formations.

Recognizing CO₂ capture and storage as a CDM activity has been on the agenda since CPM-1. Although some Parties have expressed an interest in accessing the CO₂ capture and storage technology under the CDM (Saudi Arabia, Canada, Egypt, Japan, Kuwait, Norway and the European Union), others (Jamaica, Venezuela, Micronesia and Brazil) are opposed to this, underlining the uncertainties surrounding the use of such technologies and reminding all concerned that CO₂ capture and storage could affect the CDM portfolio significantly. These Parties, especially Brazil, Indonesia and the Alliance of Small Island States (AOSIS), believe that CO₂ capture and storage risks becoming so dominant that it would contradict the very terms of the Protocol. They argue that this would lead to misappropriation of investments in projects with stringent, widely accepted methodologies and with long-term benefits (energy efficiency or renewable energies, for example). Another criticism voiced during the CMP-2 was that small projects, benefiting local populations directly or generating little credit, were likely to suffer.

Since Bali, the Parties have discussed a variety of questions in the SBSTA sessions, such as the long-term responsibility of storage sites and monitoring reservoirs, the risk level and uncertainties surrounding CO₂ leakages found in the reservoirs and the criteria to be applied to select suitable storage sites, given the risk of GHG releases ³⁵⁴. No agreement has been reached, but nevertheless slight progress can be seen in Decision 2/CMP.5, in which the CMP-5 recognizes the importance of carbon capture and storage in geological formations as a potential mitigation technology. The CMP-5 also requested the SBSTA to continue discussing the outstanding questions, including:

353. IPCC, 2005.
 354. The full list of questions calling for information to be communicated by the Parties can be found in Decision 1/CMP.2, paragraph 21. For a summary of information sent to the Secretariat by the parties and accredited organisations, see <http://unfccc.int/resource/docs/2008/sbsta/eng/inf01.pdf>

- environmental impact;
- non-permanence, including long-term permanence;
- measuring, reporting and verifying requirements;
- project activity boundaries;
- international legislation;
- responsibility;
- potential for perverse outcomes;
- safety; and
- insurance coverage and compensation for damage caused by seepage or leakage.

The SBSTA plans to submit a draft decision to the CMP-6 for adoption. The rough text, which still has numerous square brackets, recommends several precautionary measures should capture and storage activities become accepted³⁵⁵. These measures include, for example:

- consideration of the relevance of the use of modelling instead of direct monitoring plans;
- determining a broad scope to monitor the potential emission sources;
- considering additional energy required for CO₂ capture and storage;
- provisions for short-, medium- and long-term responsibilities; and
- mandatory restoration of ecosystems and compensation for communities for gas seepages.

The SBSTA is considering using normalized baselines under the CDM (Protocol).

The advantage of normalized baselines is that their simplified demonstration of additionality of CDM projects. The standardized baseline constitutes a performance threshold with which a project activity is compared to determine the GHG emission reductions achieved. Individual projects could therefore be cheaper to develop and investment in CDM projects could be more predictable. Numerous data per region and/or per sector have to be collected to establish these baselines. Whereas for certain sectors, one baseline could be used for all activities, the specific features of activities in some sectors would require a baseline for each activity.

355. FCCC/SBSTA/2010/6, Annex V.

The Parties agreed in Copenhagen to ask the SBSTA to establish modalities and procedures for putting together normalized baselines to select the baseline under CDM project activities³⁵⁶. The European Union, Japan, Switzerland and Ethiopia supported developing standardized baselines, whilst Brazil, China, Thailand and Russia were not in favour³⁵⁷.

The CMP-5 asked for the procedures to be developed so that the normalized reference standards were widely applicable, whilst maintaining a high degree of environmental integrity and taking account of country-specific conditions. To recommend future actions, the SBSTA could consider the technical note listing Party submissions to present a draft text to the CMP-6 for adoption. This would deal with the following issues:

- the scope of standardized baselines;
- the mandatory or optional nature of standardized baselines;
- the procedural requirements for developing standardized baselines, including the role of designated national authorities;
- priorities for developing standardized baselines;
- access to regions, sub-regions and under-represented sectors to the CDM;
- the aggregation level and boundaries;
- data quality, availability, collection and confidentiality;
- the financing of the development of standardized baselines, including capacity building and data collection; and
- accounting for developments over time, including past efforts³⁵⁸.

The SBSTA is studying the common metrics used to calculate the CO₂ equivalence of GHG (Protocol).

The common tool used today to compare the contribution to global warming by the six GHG listed in the Protocol is the global warming potential (GWP). Associated with a GHG, it quantifies the contribution by this GHG to global warming by comparing it with carbon dioxide (CO₂). The Parties to the Kyoto Protocol use GWP values estimated by the IPCC in its second assessment report dating from 1995³⁵⁹ to calculate the carbon dioxide equivalence (CO₂e) of GHG emissions per source and removals per sink. Some Parties, including Russia, believe that the GWP values esti-

356. Decision 2/CMP.5.
 357. IISD, 2009 (Copenhagen).
 358. FCCC/SBSTA/2010/6.
 359. IPCC, 1995 and FCCC/SBSTA/2006/9.

mated in the fourth IPCC assessment report are lacking methodological and scientific justification and should include alternative metrics.

In Bonn, in June 2009, certain Parties requested that alternative common metrics be discussed in the SBSTA. Parties also proposed to draw up a draft text referring to an appropriate use of GWP as a common metric. To enlighten the debates, the IPCC presented the conclusions of an expert meeting (Oslo, March 2009), held at the request of the AWG-KP, on the status of the science of common metrics. The IPCC believes that the GWP are still useful in a multi-gas approach; however, some shortcomings have been identified when using GWP which the science cannot, as yet, remedy³⁶⁰. According to the IPCC, the effectiveness of a metric depends on its policy objective, for example, limiting long-term temperature change or balancing costs and benefits³⁶¹. Given that the GWP established by the IPCC were not designed with a precise policy objective in mind, alternative metrics could be useful in meeting a specific objective.

Following the IPCC presentation, the SBSTA invited the Parties to submit policy objectives which could guide the IPCC in drawing up alternative metrics. Acknowledging the need for further scientific research on the topic, the Parties agreed to continue studying this question in SBSTA meetings in order to recommend actions between now and Cancún. Note that the AWG-KP is also continuing to consider this same question.

The SBSTA is continuing its discussions on emissions attributable to fuel used in international air and maritime transport (Convention).

GHG emissions from international aviation and maritime transport are currently excluded when calculating quantified emissions of Parties included in Annex B of the Kyoto Protocol³⁶². These emissions are therefore not subject to reduction actions despite increasing constantly. Under the IPCC's moderate scenario, the contribution by

360. IPCC, 2009. Meeting Report of the Expert Meeting on the Science of Alternative Metrics [Plattner, G.-K., T.F. Stocker, P. Midgley and M. Tignor (eds.)]. IPCC Working Group I Technical Support Unit, University of Bern, Bern, Switzerland, pp. 75.

361. *Ibid.*

362. Nevertheless, international aviation and maritime transport emissions must be reported in the national GHG emission inventories, although separately from total national emissions, in accordance with the IPCC guidelines and the UNFCCC reporting guidelines on annual inventories (FCCC/SBSTA/2004/8).

GHG emissions from bunker fuels will rise from 1.8% to 3.6% in 2050, with aviation responsible for most of this increase³⁶³. The Kyoto Protocol stipulates that the developed countries are responsible for mitigating emissions from bunker fuels and this effort falls under the auspices of the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO)³⁶⁴. Clarifying which country is responsible for emissions is still one of the largest problems.

Since 2009, during SBSTA sessions, ICAO and IMO have provided information on work within their respective organizations on emissions attributable to fuels used in international maritime and air transport. Several non-Annex I Parties have issued reservations about the IMO work to develop a legally-binding instrument to govern GHG emissions in maritime transport³⁶⁵, invoking the principle of common but differentiated responsibilities which is at the heart of the Convention. Other Parties, including the European Union, have nevertheless encouraged the IMO to continue its work.

The SBSTA has agreed to continue to receive information from ICAO and IMO on emissions attributable to fuels used in international maritime and air transport so that the Parties can discuss this topic during the next session of the SBSTA-33³⁶⁶.

The main issues relating to methodological questions

Recognizing carbon dioxide (CO₂) capture and storage as a CDM activity has been on the agenda since CMP-1 and discussions will continue in Cancún in the light of the rough draft decision intended for the CMP-6.

The SBSTA should also submit a draft text to the CMP-7 on the standardized baselines, to decide on modalities and procedures for putting these baselines together. In addition, discussions on the common metrics will give the SBSTA an opportunity to recommend subsequent actions.

Regarding the emissions attributable to fuels used in international maritime and air transport, the SBSTA has agreed to continue to receive information from the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) so that the Parties can discuss this topic during forthcoming sessions of the SBSTA.

363. Netherlands Environmental Assessment Agency, 2007. An additional problem in the aviation sector is that it also contributes to emissions of NO_x and other gases.

364. By virtue of Article 2.2 of the Protocol.

365. See <http://unfccc.int/resource/docs/2008/sbsta/eng/misc09.pdf>

366. FCCC/SBSTA/2009/L.3.

4.9 Education, training, public involvement and international cooperation

Recognizing the need to establish a work programme to improve education, training, public awareness, coordination and exchange of information and to mobilize sufficient financial and technical resources to ensure correct execution of activities resulting from Article 6 of the Convention, the COP-8 initiated the five-year New Delhi programme in 2002³⁶⁷. The programme aims mainly to introduce a flexible framework for action under country impetus which meets Party needs and corresponds to their national priorities and initiatives. The Parties extended this programme for five years in Bali, with a mid-term assessment in 2010³⁶⁸.

The SBI is carrying out an interim review of the New Delhi work programme

The amended version of the programmed adopted in 2007 underlines the importance of learning more from countries on their needs and gaps in carrying out their Article 6 activities, so that Parties and intergovernmental and non-governmental organizations with the necessary resources may effectively focus their efforts on providing appropriate support.

The regional workshops organized since 2009 (Stockholm, Sweden, May 2009; Bali, Indonesia, October 2009; Bavaro, Dominican Republic, April 2010; Banjul, Gambia, September 2010; and Seychelles, October 2010) have highlighted certain priorities for consideration by the SBI in the interim assessment of the work programme, including:

- preparing clear guidelines for reporting on Article 6 activities in countries' national communications;
- increasing active public involvement through awareness-raising campaigns, miscellaneous communication channels, alternative media such as YouTube and community radio stations;
- determining regional strategies and action plans to promote the exchange of information;
- direct reference to climate change in all levels of educational manuals;
- the lack of relevant information available in local languages has been identified as a barrier to implementing Article 6 activities;

367. Decision 11/CP.8

368. Decision 9/CP.13.

- designing a financial mechanism to facilitate implementation of education, training and knowledge dissemination activities in developing countries; and
- promoting the role of national coordinators for Article 6 activities³⁶⁹.

As the body responsible for identifying needs and gaps in implementing the New Delhi work programme, the SBI should address the recommendations to facilitate the implementation of the New Delhi work programme, taking its inspiration from country submissions and regional workshop results.

It will also consider the report by the Secretariat on improving the climate change information network: CC:iNet³⁷⁰. Delegates to the regional workshops requested certain improvements, such as adding a site map, a simplified registration process, improved training tools, case studies and videos³⁷¹.

The main issue relating to education, training, public involvement and international cooperation

The SBI-33 is responsible for formulating mid-term recommendations to facilitate the implementation of the New Delhi work programme until 2012 and to improve the climate change information network, based mainly on the results of regional workshops held in 2009 and 2010.

4.9 Research and systematic observation

Under the Convention, the Parties must cooperate in encouraging and supporting research work, systematic observation and data archiving, to understand better the phenomenon of climate change and the consequences of various response measures³⁷². To achieve this, the SBSTA cooperates with, among others, the Global Climate Observing System (GCOS) and other partner bodies, such as the World Meteorological

369. FCCC/SBI/2010/3 and UNFCCC, 2010. Report on the regional workshop on the implementation of Article 6 in Latin America and the Caribbean. http://unfccc.int/documentation/documents/advanced_search/items/3594.php?rec=j&preref=600005770#beg

370. See: http://unfccc.int/cc_inet/items/3514.php.

371. UNFCCC, 2010. Report on the regional workshop on the implementation of Article 6 in Latin America and the Caribbean. http://unfccc.int/documentation/documents/advanced_search/items/3594.php?rec=j&preref=600005770#beg

372. By virtue of Article 4.1 (g) and Article 5 of the Convention.

Organization (WMO), the Committee of Earth Observation Satellites (CEOS) and the Global Terrestrial Observing System (GTOS). The SBSTA considers GCOS and GTOS execution plans on a regular basis.

The SBSTA is examining the updated execution plan of the Global Climate Observing System (GCOS) and the provisional information on the costs of emerging priorities linked to its work programme.

Responsible for monitoring the GCOS execution plan³⁷³, the SBSTA has requested that it takes more account of emerging priorities in its work programme. These priorities include the on-going long-term operation of networks in situ, the implementation of regional action plans and capacity building to ensure long-term climate observations in developing countries, mainly the LDC and SIDS, and to support mitigation efforts under the Nairobi work programme³⁷⁴. Numerous developing countries underlined the importance of capacity building to them during the debates, especially in mitigation research³⁷⁵.

The SBSTA-30 thus requested the GCOS to provide an execution plan taking account of emerging priorities mentioned above and the costs of considering these priorities during the SBSTA-33. As this execution plan had already been prepared for Copenhagen, the COP-15 has requested that the execution plan and the cost information be updated for consideration in Cancún³⁷⁶.

The SBSTA is studying the GCOS work plan and the report on implementing the terrestrial joint framework mechanism

As terrestrial observation data are collected by national agencies without recourse to a suitable international framework, developing data collection and processing standards is proving essential to guarantee relevant and well-documented observations.

In June 2009, the SBSTA therefore commissioned the GTOS to put together a work plan to develop observation standards and protocols for the thirteen main land-related climate variables and submit it to the SBSTA between then and Cancún. At the same time, the GTOS must also account for the implementation of a joint framework mechanism to develop guiding standards and manual inspired by practices of existing institutions and partnerships, including the Food and Agriculture Orga-

373. FCCC/SBSTA/2009/L.6.

374. FCCC/SBSTA/2009/L.6/Add.1 and Decision 9/CP.15.

375. IISD 2009b, p.17.

376. FCCC/SBSTA/2010/MISC.9.

nization of the United Nations (FAO), the International Council for Science (ICSU), UNEP, WMO, the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the International Organization for Standardization (ISO).

The SBSTA-33 will thus examine the GCOS work plan and progress in implementing the joint framework mechanism³⁷⁷. The CEOS will also present to the SBSTA its efforts to support the satellite component of the GTOS³⁷⁸. In addition, the SBSTA will formulate recommendations on how to improve the research dialogue³⁷⁹.

The main issues relating to research and systematic observation

The SBSTA-33 is responsible for considering the updated execution plan of the Global Climate Observing System (GCOS) and preliminary information on costs relating to its work programme.

In Cancún, the SBSTA will also study the work plan of the Global Terrestrial Observing System (GTOS) and the report on implementing the joint framework mechanism for use in preparing guidelines on terrestrial observation. The SBSTA-33 will also formulate recommendations for research.

³⁷⁷. FCCC/SBSTA/2010/MISC.10.

³⁷⁸. FCCC/SBSTA/2010/MISC.11.

³⁷⁹. FCCC/SBSTA/2010/MISC.12.

5. EXPECTATIONS OF THE CANCÚN CONFERENCE

Although it now seems obvious that the Cancún negotiations will not achieve the agreement hoped for in Copenhagen on a post-2012 regime, it goes without saying that a certain outcome is expected of the Cancún Conference. Hardened realists want the decisions made in Cancún to represent a balance in several respects: a balanced content between the various decisions adopted in the working groups and a balanced form to avoid prejudicing the final outcome. Many Parties are nevertheless united on the objective of reaching a legally-binding agreement in the near future.

This objective has been repeated several times in 2010 during forums such as the meetings of the BASIC countries³⁸⁰ and the G8 Summit³⁸¹. Tied closely to compliance with committed actions and fixed objectives for mitigation and financing, the scope of the legally-binding nature will be decisive for future guidance in the multilateral climate change process. Will this legally-binding nature apply to mitigation actions by the developing countries? To the reduction goals of developed countries? To the pledges of financial and technological support by developed countries?

A legally-binding agreement is reached in a variety of ways depending on the country. Most developing countries feel that the guarantee of a renewed Kyoto Protocol and the commitment of the United States in any global mitigation effort will prove the willingness of developed countries to work towards a legally-binding agreement. The developed countries believe that the balance sought is achievable more through a broad agreement ensuring a symmetry of restrictions between their mitigation objectives and actions by the most advanced developing countries, especially in terms of compliance with recommendations for actions taken in a measurable, reportable and verifiable (MRV) manner.

380. Joint Statement issued at the conclusion of the Second Meeting of Ministers of BASIC Group, New Delhi, January, 24th, 2010, see: <http://moef.nic.in/downloads/public-information/JointStatement.pdf>; Third Meeting of BASIC Group Issues Joint Statement, see: <http://climate-l.org/news/third-meeting-of-basic-group-issues-joint-statement/>; et Joint Statement issued at the conclusion of the Fourth Meeting of Ministers of the BASIC Group, July 26, 2010, see: <http://www.itamaraty.gov.br/sala-de-imprensa/notas-a-imprensa/joint-statement-issued-at-the-conclusion-of-the-fourth-meeting-of-ministers-of-the-basic-group-rio-de-janeiro-25-26-july-2010>.

381. G8 Muskoka Declaration Recovery and New Beginnings, Muskoka (Canada) 25-26 June 2010, see: <http://g8.gc.ca/g8-summit/summit-documents/g8-muskoka-declaration-recovery-and-new-beginnings/>

In Cancún, the countries should balance these two approaches to inspire a feeling of mutual trust as they continue the negotiations in a constructive manner in 2011. In addition, as agreement on support for financing, adaptation, technologies and capacity building is a prerequisite for a global agreement on a post-2012 regime, any progress in these aspects will be key in pursuing the process. In the eyes of several countries, this progress should not however reduce the pressure for ambitious commitments by developed countries nor prejudice the form of the final outcome of the negotiations. The complexity of the task will therefore lie in finding consensus on decisions on policy elements, without prejudicing the form of the outcome of work by the two working groups of the Convention and the Protocol. After Tianjin, the themes targeted for such decisions seemed to be the long-term objective, creating a Fund, creating a registry for national mitigation actions in developing countries (NAMAs), creating an Adaptation Committee, the MRV recommendations and inserting emission reduction commitments by developed countries in a decision.

The continuity of the multilateral climate change negotiation process really does depend on this balancing act, as any false move risks pushing the process off the rails and blocking the negotiations. Should this happen, the scale of efforts to address climate change would then depend on the ambition of national actions by governments and by regional or bilateral agreements negotiated on an ad hoc basis outside the United Nations framework.

FACT SHEETS

Sheet 1.

Timeline of important milestones in the negotiations on climate change

	Important milestones	Negotiations Terms
11990	<i>First IPCC evaluation report submitted</i>	
1992	United Nations Conference on Environment and Development - Rio de Janeiro	United Nations Framework Convention on Climate Change (UNFCCC)
1994		Entry into force of the UNFCCC
1995	<i>Second IPCC evaluation report submitted</i>	
	COP 1 - Berlin	Berlin Mandate
1996	COP 2 - Geneva	
1997	COP 3 - Kyoto	Kyoto Protocol
1998	COP 4 - Buenos Aires	Buenos Aires Action Plan: Timetable for implementation of the Protocol
1999	COP 5 - Bonn	
2000	COP 6 - The Hague	
2001	<i>Third IPCC evaluation report submitted</i>	
	COP 6 resumed - Bonn	Bonn Agreements: Agreement on the implementation of the Protocol
	COP 7 - Marrakesh	Marrakesh Accords: Finalization of technical details relating to the Kyoto Protocol
2002	World Summit on Sustainable Development - Johannesburg	
	COP 8 - New Delhi	Delhi Declaration
2003	COP 9 - Milan	
2004	COP 10 - Buenos Aires	Buenos Aires Work Programme: Agreement on adaptation and response measures
2005	COP 11 - Montreal	Entry into force of the Kyoto Protocol
	CMP 1 - Montreal	Formation of the AWG-KP
2006	COP 12 - Nairobi	Nairobi work programme on impacts, vulnerability and adaptation to climate change
	CMP 2 - Nairobi	
2007	<i>Fourth IPCC evaluation report submitted</i>	
	COP 13 - Bali	Bali Road Map
	CMP 3 - Bali	Formation of the AWG-LCA
2008	COP 14 - Poznań	Poznań strategic programme for technology transfer
	CMP 4 - Poznań	
2009	COP 15 - Copenhagen	Copenhagen Accord
	CMP 5 - Copenhagen	

Sheet 2.

United Nations Framework Convention on Climate Change (UNFCCC)

Date of entry into force: March 1994

Ratification status: 194 Parties³⁸², including the European Economic Community³⁸³ (EEC)

Supreme decision-making body: Conference of the Parties (COP)

Main objective [Article 2]: "[...] stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner."

UNFCCC Annexes:

- I – List of 41 Parties, including the EEC: developed countries and countries with economies in transition;
- II – List of 24 Parties, including the EEC: wealthiest developed countries.

Commitment of the Parties:

- *All Parties*: for example, prepare a *national greenhouse gas emission inventory*, implement mitigation programmes and adaptation actions, offer cooperative support in technological research and dissemination and facilitate the education and awareness of the general public (Article 4.1).
- *Parties included in Annex I*: mainly, implement national policies to mitigate climate change and weaken emissions in the long term (Article 4.2).
- *Parties included in Annex II*: support developing countries financially, mainly by helping to prepare their national communications, to ease their adaptation to climate change and encourage access to technologies (Articles 4.3, 4.4 and 4.5).

Link to the Convention site: www.unfccc.int

Link to the Convention text: <http://unfccc.int/resource/docs/convkp/conveng.pdf>

832. As at 5 October 2010. See: http://unfccc.int/essential_background/convention/status_of_ratification/items/2631.php.

833. As the European Union signed the Convention whilst it was still the European Economic Community (EEC), this name continues to be used officially in any formal dealings over the Convention.

Sheet 3.

Kyoto Protocol

Date of entry into force: 16 February 2005.

Ratification status: 192 Parties³⁸⁴, including the EEC; two Parties to the Convention have not ratified the Kyoto Protocol.

Supreme decision-making body: Conference of the Parties serving as the Meeting of the Parties (CPM).

Main objective: Establish quantified and legally-binding targets for limiting and reducing greenhouse gas emissions to boost the UNFCCC.

Protocol Annexes:

- A List of the six greenhouse gases targeted by the Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), dinitrogen oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF₆).
- B List of 39 Parties, included the EEC: developed countries and countries with economies in transition which have made quantified commitments to reducing or limiting greenhouse gas emissions and which correspond to the Parties in Annex I of the Convention³⁸⁵.

Commitment of the Parties:

- **Parties included in Annex B:**
 - Limit or reduce average greenhouse gas emission levels for the 2008-2012 period, expressed as a percentage of the 1990 emission level (Article 3)³⁸⁶;
 - Implement national or regional policies and measures to fulfil compliance with quantified commitments to limit and reduce greenhouse gases (Articles 2 and 4). The Parties can fulfil their commitments through domestic measures and flexibility mechanisms (see Sheet 9);
 - Publish an *Initial Report* giving the information required to implement the commitments, especially for the accounting of assigned amounts (Article 7);
 - Publish a *Report demonstrating the progress made* in achieving commitments (Article 3.2);
 - Set up a national *emissions inventory system* based on methodologies approved by the Intergovernmental Panel on Climate Change (IPCC) (Article 5).
- **All the Parties:** for example, prepare programmes to set in place the *national inventory of greenhouse gas emissions*, to mitigate and facilitate the adaptation to climate change, cooperate to support technology transfer, research and education and present in their *national communications* information on the actions undertaken to combat climate change (Article 10).
- **Parties included in Annex B of the UNFCCC:** Finance developing countries, mainly to help them set in place their national emissions inventory and encourage technology transfer (Article 11).

Link to the Protocol text: <http://unfccc.int/resource/docs/convkp/kpeng.pdf>

384. As at 5 October 2010. See: http://unfccc.int/files/kyoto_protocol/status_of_ratification/application/pdf/kp_ratification_chad_20091106.pdf.

385. Belarus and Turkey are UNFCCC Annex I countries but do not adhere to Annex B of the Kyoto Protocol.

386. The reference year need not be 1990 for countries with economies in transition.

Sheet 4.**UNFCCC structure and the role of the main decision-making bodies**

The **Conference of the Parties (COP)**, the highest authority of the Convention, brings together those countries which, by signing and ratifying the United Nations Convention on Climate Change, have become parties to this Convention. As such, the COP aims to implement the ultimate Convention objective.

The **Conference of the Parties serving as the meeting of the Parties (CMP)**³⁸⁷ is a totally separate legal entity from the COP and is the supreme decision-making body of the Kyoto Protocol. The CMP includes the sub-group of Parties to the Convention which have ratified the Kyoto Protocol. The Parties to the Protocol alone have the right to participate in decisions made by the CMP.

The **Bureau of the COP** and the **Bureau of the CMP** administers the intergovernmental process for the COP and for the CMP. The **UNFCCC Secretariat** coordinates and organizes the meetings of the various bodies.

The **Global Environment Facility (GEF)** and the **Intergovernmental Panel on Climate Change (IPCC)** are two partner organizations of the UNFCCC and play a key role in the process. The GEF has been in existence since 1991 and was named as the entity responsible for administering UNFCCC funds earmarked to help developing countries. The IPCC helps establish the scientific base by publishing climate change assessment reports every five years and specialist studies on specific topics. Table 7 describes the role of bodies created by virtue of the COP and the CMP.

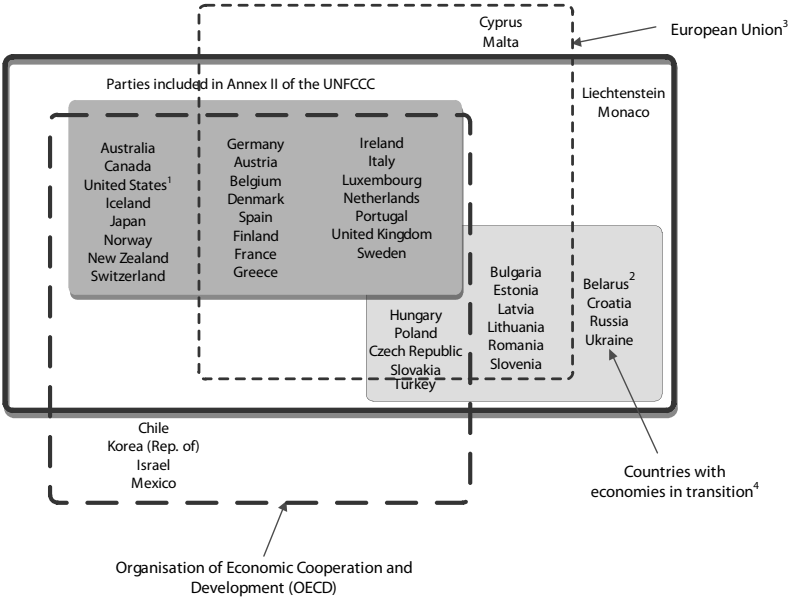
387. See Gagnon-Lebrun et al. 2005 for further information on how the CMP operates.

TABLE 7 :
SUBSIDIARY AND SPECIALIST BODIES

Institution	Responsibilities
Subsidiary bodies common to the COP and CPM.	
Subsidiary Body for Scientific and Technological Advice (SBSTA)	Advises the COP and CPM on scientific and technical issues which are specific to or shared by them.
Subsidiary Body for Implementation (SBI)	Advises the COP and CPM on improving the effective application of the Convention and the Kyoto Protocol.
Specialist bodies created by virtue of the COP	
Consultative Group of Experts on National Communications of Parties not included in Annex I (CGE)	Assist the Parties not included in Annex I in preparing their national communications.
Least Developed Countries Expert Group (LDCEG)	Advises the least developed countries on preparing and implementing adaptation plans, among other things.
Expert Group on Technology Transfer (EGTT)	Provides scientific and technical advice to advance the development and transfer of technologies.
Specialist body created by virtue of the COP	
Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA)	Spearheads the process allowing the integral, effective and ongoing application of the Convention by concerted action between now and 2010 and beyond, with a view to adopting the decisions of the COP-15.
Specialist bodies of the CPM	
CDM Executive Board	Ensures the effective implementation and correct operation of the clean development mechanism (CDM).
Supervisory Committee under Article 6	Spearheads the application of joint implementation (JI) projects in the countries included in Annex I.
Compliance Committee	Is responsible for guaranteeing compliance with commitments and supports the Parties finding it difficult to comply with their obligations under the Kyoto Protocol. This committee includes a facilitative branch and an enforcement branch.
Ad Hoc Working Group on the further commitments for Annex I Parties under the Kyoto Protocol (AWG-KP)	Supports the process for making commitments for the post-2012 period by Annex I Parties that are also Parties to the Kyoto Protocol.

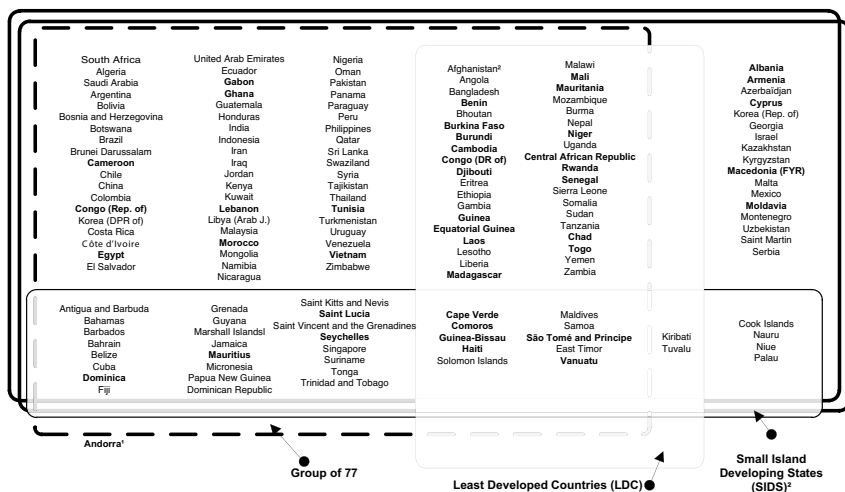
Sheet 5.
The Parties to the Convention and the Protocol

FIGURE 3.
THE PARTIES INCLUDED IN ANNEX I (OCTOBER 2010)



Notes:
 1 Countries which have signed, but not ratified, the Kyoto Protocol.
 2 Country included in Annex I of the Convention, but not Annex B of the Kyoto Protocol.
 3 The European Community is itself a Party included in Annexes I and II of the UNFCCC.
 4 As included in Annex I of the UNFCCC.
 Name in bold: Member countries of the International Organisation of La Francophonie (OIF).

FIGURE 4.
UN MEMBER COUNTRIES OR PARTIES TO THE UNFCCC NOT INCLUDED IN
ANNEX I (OCTOBER 2010)



Notes:

1 Country which has neither signed nor ratified the UNFCCC.

2 Apart from Bahrain, these countries are all members of the Alliance of Small Island States (AOSIS).

Name in **bold**: Member (or associated member) country of the International Organization of La Francophonie (OIF).

Sheet 6.

The regional groups and the main negotiation coalitions

The climate change negotiations process revolves around regional groups and negotiation coalitions. The regional groups are derived from the official United Nations classification system, according to their geographical situation, whilst the negotiation coalitions are political alliances formed on the basis of common interests. During negotiations, the countries usually speak on their own behalf or on behalf of a negotiation coalition.

United Nations Regional Groups

The regional groups do not necessarily share the same interests in relation to the negotiations on climate change. The members of the Bureau are elected within regional groups and Small Island Developing States (SIDS).

The regional groups are Africa, Asia and the Pacific Region (including Japan), Eastern and Central Europe, Latin America and the Caribbean (GRULAC, from the Spanish) and the Western Europe and Others Group (WEOG). "The others" are Australia, Canada, the United States, Iceland, New Zealand, Norway and Switzerland.

The African Group

The African Group is the only regional group to function as a genuine negotiation coalition. It has 53 members, all of whom share a variety of causes for concern, such as desertification, the lack of water resources, vulnerability to the impacts of climate change and the fight against poverty. The Group currently makes joint statements, mainly on questions relating to adaptation, technology transfer, capacity building and financing.

Negotiation coalitions

AOSIS (Alliance of Small Island States)

AOSIS is an ad hoc lobbying group which gives a voice to the majority of Small Island Developing States (SIDS) during negotiations at the United Nations. The SIDS share their vulnerability to the impacts of climate change, especially the rise in sea levels which is threatening the very existence of several islands. AOSIS has 39 members and four observers. Most AOSIS countries also belong to the Group of 77 and China and ten are among the Least Developed Countries (LDCs)³⁸⁸. Bahrain is the only SIDS member of the United Nations which does not belong to AOSIS; conversely, the Cook Islands and Niue belong to AOSIS but are not SIDS members of the United Nations³⁸⁹.

Least Developed Countries (LDCs)

The group of LDCs comprises 49 countries among the least developed (33 in Africa, fifteen in Asia and one in the Caribbean). They defend their interests jointly with the United Nations, especially in relation to climate change. They share considerations about their vulnerability and their need for support in planning their adaptation. The UNFCCC also recognizes the special needs of the LDCs, which are the least capable of facing up to the impacts of climate change.

388. See <http://www.sidsnet.org/aosis> and <http://www.unohrrls.org/en/ldc/related/62/>.

389. See: <http://www.unohrrls.org/en/sids/44/>.

The Group of 77 and China (G-77/China)

The G-77/China comprises 130 developing countries and China. China is an associate member rather than a full member of the G-77. China cooperates closely with the G-77 over climate change-related issues; the group therefore takes its positions "on behalf of the G77 and China"³⁹⁰. In particular, the G-77/China supports the economic interests of its members in miscellaneous questions within the United Nations. The G-77/China member countries can sometimes adopt diverging positions during the climate change negotiations, which they then defend via another negotiation coalition or regional group³⁹¹.

European Union (EU)

The EU is a political and economic union of 27 member countries. It is represented by the European Community, which is a Party to the Convention and the Kyoto Protocol, but which has no voting right distinct from that of individual countries. Despite some differences, they often adopt a common position and speak with a single voice during climate change negotiations.

Umbrella Group

The Umbrella Group is a flexible coalition of developed countries which do not belong to the European Union and which has been formed in the context of climate change negotiations. It has emerged from the JUSSCANNZ³⁹² group and is active in all the UN forums despite the group not always comprising the same countries. Although informal, the list normally includes Australia, Canada, the United States, Russia, Iceland, Japan, New Zealand, Norway and Ukraine (other countries are added periodically, depending on the topics addressed). The group has been focusing its activities since 2001 on information sharing rather than actual negotiation.

Coalition for Rainforest Nations

This coalition started to take shape in 2005 under the initiative of Papua New Guinea. Its goal is recognition of the efforts made by developing countries to slow down emissions caused by deforestation. This coalition includes 32 countries: Bangladesh, Bolivia, Cameroon, Central African Republic, Chile, Congo, Costa Rica, Democratic Republic of the Congo, Dominican Republic, Ecuador, El Salvador, Fiji, Gabon, Ghana, Guatemala, Honduras, Indonesia, Kenya, Lesotho, Malaysia, Nicaragua, Nigeria, Panama, Papua New Guinea, Paraguay, Peru, Samoa, Solomon Islands, Thailand, Uganda, Uruguay and Vanuatu³⁹³.

Environmental Integrity Group

The Environmental Integrity Group was formed in 2002 by three OECD members which did not agree with the positions adopted by the Umbrella Group, namely Switzerland, Liechtenstein, Luxembourg, Mexico and the Republic of Korea. Mexico and the Republic of Korea are the only two OECD members not included in Annex I. Member countries are frequently known to negotiate on an individual basis given the huge differences in their national contexts³⁹⁴. Otherwise, the group is normally coordinated by Switzerland.

390. Yamin and Depledge, 2004.

391. See www.g77.org.

392. JUSSCANNZ is the acronym for Japan, the USA, Switzerland, Canada, Australia, Norway and New Zealand.

393. See: www.rainforestcoalition.org.

394. Yamin, F. and Depledge, J., 2004.

Group of Countries of Central Asia and the Caucasus, Albania and Moldova (CACAM)

CACAM groups countries from Eastern and Central Europe and Central Asia, including Albania, Armenia, Georgia, Kazakhstan, the Republic of Moldova, Uzbekistan and Turkmenistan. There are also observers, such as Azerbaijan. These countries have created a coalition seeking recognition for their status as non-Annex I countries with economies in transition under the UNFCCC and the Kyoto Protocol³⁹⁵. The reason is that the UNFCCC does not define the term "developing country" clearly and that these countries do not view themselves as developing countries despite their exclusion from Annex I of the Convention. The CACAM countries rarely take a common stance on other issues.

Bolivarian Alliance for the Peoples of our America (ALBA, from the Spanish)

ALBA was originally a political, social and economic organization to promote cooperation in these areas between the socialist countries of Latin America and the Caribbean and offer an alternative to the Free Trade Area of the Americas advocated by the United States³⁹⁶. ALBA thus became a negotiation coalition in 2010, representing a hub of five countries: Venezuela, Cuba, Bolivia, Ecuador, Nicaragua and Antigua and Barbuda, joined occasionally by Dominica and Saint Vincent and the Grenadines. This coalition bases its positions on a goal of restricting temperature rises to 1 to 1.5°C and on the principle whereby the developed countries must take a lead partner role in the global effort to combat climate change.

395. *Ibid.*

396. See: <http://www.alianzabolivariana.org/modules.php?name=Content &pa=show-page&pid=258>.

Sheet 7.

Positions of main countries and negotiation coalitions on the post-2012.

Alliance of Small
Island States
(AOSIS)³⁹⁷

AOSIS believes that the goals of reduced GHG emissions are founded on stabilizing the atmospheric concentration of carbon dioxide at 350 ppm and limiting average global warming to below 1.5°C. It estimates that global GHG emissions should reach their ceiling in 2015 and be reduced by 85% by 2050 compared with 1990 levels. AOSIS is asking that the Annex I Parties achieve a 45% drop in their emissions by 2015 and 90% by 2050 compared with 1990 levels.

AOSIS supports the creation of a permanent body for adaptation under the auspices of the Convention and a committee to provide technical support and advice on the technical aspects of adaptation projects. AOSIS is also in favour of setting up an insurance mechanism for extreme events. AOSIS has also supported the possibility of creating a "common space" between the two ad hoc working groups to discuss the magnitude of the global emission reduction target of the Annex I Parties.

Bolivian Alliance
for the Peoples of
our America (ALBA,
from the Spanish)³⁹⁸

ALBA bases its position on the principles stated in the World People's Declaration on Climate Change and the Rights of Mother Earth³⁹⁹ of 22 April 2010, adopted during the conference of the same name held in Cochabamba, Bolivia on 19-22 April 2010. ALBA is demanding goals to stabilize the concentration of carbon dioxide at 300 ppm, with a limitation in temperature rise of between 1 and 1.5°C. ALBA maintains that the developed countries should reduce their emissions by 50% for the 2013-2017 period compared with 1990 levels as part of a second commitment period under the Kyoto Protocol. ALBA wishes the Adaptation Fund to be part of the Convention's financial mechanism and that it supervises compliance with financial commitments made by developed countries. ALBA believes that developed countries must make sure that their technologies are free of patents and intellectual property rights.

South Africa⁴⁰⁰

South Africa favours a two-pronged approach. It supports positive incentives to stimulate the participation of developing countries. It has also recommended setting up a register of nationally appropriate mitigation actions linked closely to the financial mechanism. South Africa wants the directives from the international consultation and analysis to respect national sovereignty and for the consultations to take place in a multilateral framework. As such, it encourages granting fast-start financing as quickly as possible.

397. IISD, 2010b, p.8, IISD, 2010c, p.6 and FCCC/AWGLCA/2010/MISC.2.

398. FCCC/AWGLCA/2010/MISC.2.

399. For further information on this meeting, see:

<http://pwccc.wordpress.com/2010/04/24/peoples-agreement/>.

400. IISD, 2010b, p.7, 9 and 23; FCCC/AWGLCA/2010/MISC.3, p.10.

Saudi Arabia⁴⁰¹

Saudi Arabia, a major oil exporter, emphasizes the need to take account of potential negative impacts from mitigation measures by Annex I Parties on the economy of developing countries, above all those exporting fossil energy. Saudi Arabia thus supports compensation for losses and damages attributable to the impacts of response measures. Saudi Arabia has therefore opposed strongly the preparation of a technical document on the options for restricting the rise in the average world temperature to below 1.5°C and 2°C. It would also like to see carbon capture and storage projects as eligible activities under the clean development mechanism (CDM).

Brazil⁴⁰²

Brazil would like Annex I Parties to reduce their emissions by 40% for the 2013-2017 period compared with 1990 levels and to define their commitments using a top-down approach reflecting scientific findings on climate change. It has also expressed the desire to reduce its GHG emissions by 36.1% to 38.9% by 2020. It takes the view that the recommendations for actions taken in a measurable, reportable and verifiable manner (MRV) should be applied to implementing sustainable development actions by developing countries regarding their expected results in terms of reducing GHG emissions. Brazil is also in favour of instigating a compensation mechanism for losses and damage caused by the negative impacts of climate change in developing countries. Brazil considers that financing should come mainly from public funds to ensure predictability and be supplemented by auctioning of assigned amount units (AAU). It has also called for the creation of a fund governed by the Convention for this financing.

China⁴⁰³

China is open to introducing certain measures to combat climate change through nationally appropriate mitigation actions (NAMAs), provided that the developed countries offer technological and financial support which can also contribute to the sustainable development and energy security of the country. Favouring a goal of 40% less emissions by Annex I Parties by 2020, China maintains that the contribution by developing countries to the global mitigation effort will depend on these Parties achieving their financing and technology transfer commitments. In terms of the financial mechanism, China favours developing a multi-window system with a close link with themed bodies. It also wishes that the mechanism be placed under the authority and management of the COP.

401. IISD, 2010b, p.6 and p.24; FCCC/AWGLCA/2009/MISC.4 (Part II).

402. Communication by Brazil to the UNFCCC Secretariat, 29 January 2010: http://unfccc.int/files/meetings/application/pdf/brazilcphaccord_app2.pdf. IISD, 2010b, p.8, 10. FCCC/KP/AWG/2010/MISC.5/Add.1, p.10, FCCC/AWGLCA/2009/MISC.4 (Part I).

403. IISD, 2010b, p.10, IISD, 2010c, p.4; FCCC/KP/AWG/2009/MISC.8 and FCCC/AWGLCA/2009/MISC.4 (Part I).

Coalition for Rainforest Nations ⁴⁰⁴	The aim of this coalition is the recognition of the efforts made by developing countries to slow down emissions caused by deforestation. This coalition is campaigning for the adoption of a REDD-Plus agreement.
Republic of Korea ⁴⁰⁵	The Republic of Korea supports the idea that a post-2012 regime should include incentives to encourage developing countries to make voluntary commitments to reduce GHG emissions in the form of nationally appropriate mitigation actions (NAMAs), provided that the developed countries offer technological and financial support. South Korea proposes setting up a registry for these actions. The NAMAs implemented without support could also be registered on a voluntary basis.
United States ⁴⁰⁶	Having until recently rejected any negotiation process under the auspices of the UNFCCC, the United States did a U-turn in 2007 by maintaining that the Convention was the appropriate forum for negotiations on a post-2012 regime ⁴⁰⁷ . The United States wishes to give precedence to a national target for reducing GHG emissions. It rejects any idea of bringing two ad hoc working groups together, as it has not ratified the Kyoto Protocol. It wishes to operationalize Copenhagen's target of 2°C and supports a legally-binding agreement inasmuch as all countries have obligations. The United States is demanding greater participation by developing countries in reducing GHG emissions. It supports the adoption of a REDD-Plus agreement and wishes to see developing countries implement nationally appropriate mitigation actions meeting recommendations for actions taken in a measurable, reportable and verifiable manner (MRV). It suggests four MRV "baskets": international MRV for the Annex I Parties; national MRV and international consultation and analysis for actions of supported and unsupported non-Annex I Parties; international MRV for the financial and technological support of actions; and additional international MRV for the supported actions of non-Annex I Parties. In terms of financing, the United States is in favour of establishing the Copenhagen Green Fund as an operations entity of the Convention's financial mechanism and a registry for actions to be taken by developing countries.

404. Parker, *et al.*, 2009.

405. FCCC/AWGLCA/2010/MISC.2.

406. FCCC/AWGLCA/2010/MISC.2, p.79.

407. The United States made these statements mainly at the G8 Summit at Heiligendamm in June 2007 and during the meeting of APEC leaders in Sydney in September 2007.

G-77/China⁴⁰⁸

Given the historical responsibility of developed countries, G-77/China considers that the negotiations for a post-2012 regime should focus on the Annex I Parties adopting restrictive targets for reducing GHG emissions covering all sectors of the economy. G-77/China believes that the mitigation efforts by developed countries should be defined under a top-down approach and reflect scientific findings on climate change. The group agrees that the negotiations must lead to the adoption of a legally-binding agreement. The group is also seeking more support from developed countries, especially for financing the adaptation and technology transfers. G-77/China also highlights the need for international recognition of developing countries using their own resources. It supports the creation of a permanent body for adaptation, an insurance mechanism for losses and damage caused by extreme events and setting up a technical and performance indicators committee to measure the support for capacity building.

The African Group⁴⁰⁹

The African Group suggests that the Annex I Parties achieve a 40 % drop in their emissions by 2020 compared with 1990 levels. This group is in favour of adopting nationally appropriate mitigation actions by developing countries which comply with the MRV requirements, provided that financial and technological support is provided by the developed countries. It supports the creation of a permanent body for adaptation under the auspices of the Convention. It is pressing for a simplified procedure for providing support, including direct access, and considers that a finance commission should allocate funds based on recommendations from technical committees created for specific topics.

Environmental Integrity Group (EIG)⁴¹⁰

The EIG mainly supports the creation of new market mechanisms and the strengthening of the CDM. It also believes that the international consultation and analysis should facilitate developing country mitigation measures, build up capacities and improve transparency.

India

India is demanding the adoption of ambitious reduction goals for Annex I Parties. India supports developing country implementation of nationally appropriate mitigation actions (NAMAs) on a voluntary basis provided the developed countries provide financial and technological support. Its supports putting together a registry for actions seeking support and using national communications to report supported and unsupported mitigation actions. India is against any international examination of developing coun-

408. IISD, 2010b, p.5, 6 and 7; IISD, 2010c, p5; FCCC/AWGLCA/2008/MISC.5.

409. IISD, 2010b, p.5, 6 and 8; IISD, 2010c, p.12.

410. IISD, 2010b, p.9 and 11.

try mitigation actions. India is in favour of the objective of limiting the rise in temperature to below 2°C provided that this includes the principle of fair distribution of the carbon space based on the per capita cumulative share of emissions. It favours an international adaptation fund and a multilateral financial mechanism under the Convention. India is also in favour of creating technological innovation centres and a mechanism to facilitate access to technologies.

Japan⁴¹¹

Japan believes that all Parties should be involved in the mitigation efforts through mandatory emission reductions, either by amending the Protocol or by reaching a new agreement. It is therefore in favour of adopting a wide, legally-binding agreement which includes the major economies and supports cooperation between the ad hoc working groups. Japan supports the global objective of a 50% drop in emissions by 2050.

Organization of
Petroleum Exporting
Countries (OPEC)⁴¹²

The OPEC countries, especially Saudi Arabia, wish to see the carbon capture and storage projects recognized within the CDM, where appropriate. They emphasize the need to consider the potential negative impacts of mitigation measures in the Annex I Parties on developing country economies. These countries have therefore blocked in 2010 a request by several Parties to the Secretariat to prepare a technical document on the options for limiting the rise in the average global temperature to below 1.5°C or 2°C.

Group of Least
Developed Countries
(LDCs)⁴¹³

The Group of LDCs are pressing for the creation of regional centres and networks to facilitate the implementation of adaptation measures. It also supports widening the scope of acceptable LULUCF activities under the CDM. It considers that funds should be supplied by the respective themed committees under the general supervision of a finance committee.

Russia⁴¹⁴

Russia is in favour of adopting a restrictive agreement which includes major emitting countries and is opposed to adopting simple amendments to the Protocol. Russia, supported by Japan, is also in favour of increased cooperation between the two AWGs. It is opposed to withdrawing the special status of countries with economies in transition.

411. IISD, 2010b, p.5 IISD, 2010c, p.13; FCCC/AWGLCA/2010/MISC.3, p.7; FCCC/KP/AWG/2010/MISC.6, p.12.

412. IISD, 2010b, p.27; IISD, 2010c, p.5; OPEC, 2006.

413. IISD, 2010b, p.5, 6 and 15.

414. IISD, 2010b, p.4; IISD 2010c, p.3 and 13.

European Union⁴¹⁵

The European Union wishes the rise in the average global temperature to be stabilized at 2°C. Under a post-2012 global agreement, the European Union is committed to reducing its emissions by 20% by 2020 compared with 1990 levels and by 30% if the other developed countries, including the United States, commit to similar reductions and if the most advanced developing countries commit to contributing to this objective based on their respective responsibilities and capabilities. The European Union has also suggested an accreditation mechanism for economic sectors. Developing countries would use this mechanism to fix an emissions threshold below the emissions level which corresponds to business as usual. Any drop in emissions beyond the threshold would be rewarded by the granting of units.

415. FCCC/KP/AWG/2010/MISC.5/Add.1, p.8; and the European Union Communication to the UNFCCC Secretariat de la CCNUCC, 28 January 2010, see: http://unfccc.int/files/meetings/application/pdf/europeanunioncphaccord_app1.pdf

Sheet 8.

UNFCCC side discussion forums

A highlight of 2010 was the holding of miscellaneous formal and informal forums. Most of them were aiming to move the negotiations forward and thus achieve an ambitious result in Cancún. Each of these forums is described below followed by a table which analyses the progress they have made in the miscellaneous questions raised during their meetings in 2010 (see Table 8).

World People's Conference on Climate Change and the Rights of Mother Earth⁴¹⁶

Present: Nearly 35,000 representatives of social movements and 56 government delegations⁴¹⁷.

Description: The World People's Conference on Climate Change and the Rights of Mother Earth was organized at the initiative of Evo Morales, President of Bolivia. The first conference, held in Cochabamba, Bolivia on 19-22 April 2010 culminated in the adoption of the World People's Declaration on Climate Change and the Rights of Mother Earth. The aim of this conference was to assemble participants with a wide variety of outlooks, including social movements and government delegations, to react to the results of the 15th Conference of the Parties to the UNFCCC (Copenhagen, December 2009). A second conference is scheduled for 2011.

Informal ministerial meeting on climate held in Petersberg⁴¹⁸

Present: 43 countries.

Description: This Dialogue was a joint initiative by Mexico and Germany. The aim was to move discussions forward, with a view to achieving an ambitious result during the COM-16 in Cancún, and to reach agreement on the role of the Copenhagen Accord in this process. The participating countries debated the various issues (mitigation, adaptation, REDD and so on) within specialist working groups. Germany, South Africa and South Korea launched an initiative at this meeting to support developing countries in formulating mitigation strategies based on principles of transparency and measurability.

The meeting was held in Petersberg, Germany on 2-4 May 2010.

Paris-Oslo REDD-Plus Process⁴¹⁹

Present: 54 countries in Paris and 55 in Oslo plus participants from the civil society

Description: Initiated jointly by France and Norway, the Paris-Oslo REDD-Plus Process is aiming to instigate a transparent, interim REDD-Plus partnership. The partnership claims to be a initiative to supplement the UNFCCC negotiation process. The Parties established the partnership during the second conference in Oslo and confirmed the fast-start financing intended for the REDD-Plus actions. The main objective of the partnership is to act as a temporary platform used by the partners to intensify the REDD-Plus actions and financing and to take immediate measures to improve the

416. For further information on this meeting, see:

<http://pwccc.wordpress.com/2010/04/24/peoples-agreement/>.

417. According to "Press Conference By Bolivia's President On People's Congress", see: http://www.un.org/News/briefings/docs//2010/100507_Morales.doc.htm.

418. New momentum for international climate negotiations, Press release, May 4, 2010. Voir: https://www.bmu.de/english/current_press_releases/pm/45968.php.

419. REDD+ Partnership, Adopted, May 27, 2010. See: <http://www.oslocfc2010.no/pop.cfm?FuseAction=Doc&pAction=View&pDocum entId=25017>

efficiency, transparency and coordination of initiatives and existing financial instruments, to increase the transfer of knowledge and expand skills.

A first meeting was held in Paris, France on 11 March 2010, followed by a second meeting in Oslo, Norway on 27 May 2010.

Ministerial meetings of BASIC countries⁴²⁰

Present: Brazil, South Africa, India and China.

Description: Recalling their contribution to the work of the 15th COP (December 2009), the BASIC countries met several times in 2010 to decide on a joint stance. Stating their association with the Copenhagen Accord, they support a two-pronged approach and reaching a legally-binding agreement included a second commitment period under the Kyoto Protocol and an agreement under the auspices of the UNFCCC.

The participating countries met officially in 2010 in New Delhi, India (24 January), Cape Town, South Africa (25-26 April), Rio de Janeiro, Brazil (25-26 July) and in China (10-11 October).

Informal ministerial meeting on climate financing held in Geneva⁴²¹

Present: 46 countries.

Description: A joint initiative by Switzerland and Mexico, this meeting was an informal debate on issues of climate finance. Participants discussed the future architecture of financing, new climate funds, the role of the private sector and long-term sources of financing. The aim of these discussions was to move the international climate change negotiations specific to financing forward to reach an ambitious result in Cancún.

The participants met in Geneva, Switzerland on 2-3 September 2010.

G8 Summits

Member countries (8): United States, Japan, Germany, United Kingdom, France, Italy, Canada and Russia

Description: This informal group of the eight most developed countries in the world meets annually to discuss economic questions and global issues such as combating climate change. Developing countries are frequently invited to G8 summits⁴²². The European Union is represented at each meeting. During the last G8 meeting in Muskoka, Canada on 25-26 June 2010, the assembled leaders discussed means of combating global warming⁴²³

420. *Joint Statement issued at the conclusion of the Second Meeting of Ministers of BASIC Group, New Delhi, January, 24th, 2010, see: <http://moef.nic.in/downloads/public-information/JointStatement.pdf>; Third Meeting of BASIC Group Issues Joint Statement, see: <http://climate-l.org/news/third-meeting-of-basic-group-issues-joint-statement/>; et Joint Statement issued at the conclusion of the Fourth Meeting of Ministers of the BASIC Group, July 26, 2010, see: <http://www.itamaraty.gov.br/sala-de-imprensa/notas-a-imprensa/joint-statement-issued-at-the-conclusion-of-the-fourth-meeting-of-ministers-of-the-basic-group-rio-de-janeiro-25-26-july-2010>.*

421. Co-Chairs' Summary of the Geneva Dialogue on Climate Finance, 15 September 2010, see: www.bafu.admin.ch/dokumentation/fokus/10001/.../index.html?lang.

422. For example, in 2010, invitations were extended to South Africa, Algeria, Egypt, Ethiopia, Malawi, Nigeria, Senegal, Colombia, Haiti and Jamaica.

423. G8 Muskoka Declaration Recovery and New Beginnings, Muskoka (Canada) 25-26 June 2010, see: <http://g8.gc.ca/g8-summit/summit-documents/g8-muskoka-declaration-recovery-and-new-beginnings/>

G20 Summits

Member countries (19 + European Union): Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States and the European Union.

Description: The G20 held its first meeting in reaction to the global economic crisis in November 2008 during the Washington Summit on Financial Markets and the World Economy. The Summit was also attended by the President of the World Bank, the Secretary General of the United Nations, the Director of the International Monetary Fund and the President of the Financial Stability Forum. The political leaders put together an action plan in Washington, which was reviewed at the London Summit in April 2009, to improve transparency and financial responsibility, promote the integrity of financial markets and reform the international financial institutions. Declarations by the G20 frequently cover climate change. During the G20 meeting in Toronto, the participating countries associated with the Copenhagen Accord reiterated their support for the Accord and called on other countries to join them⁴²⁴.

In 2010, the G20 met in Toronto, Canada (26-27 June) and Seoul, South Korea (11-13 November).

Major Economies Forum on Energy and Climate

Present (17): Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, South Africa, South Korea, United Kingdom, United States and the European Union⁴²⁵.

Description: The Major Economies Forum on Energy and Climate is a United States initiative assembling the main GHG emitting countries. The aim is to encourage agreement on a post-2012 international climate regime.

In 2010, the Summits of this Forum took place in Washington DC, USA (19 April)⁴²⁶, Rome, Italy (30 June-1 July)⁴²⁷ and in Washington DC, USA (20-21 September)⁴²⁸.

424. The G-20 Toronto Summit Declaration, 26-27 June 2010, see: <http://canadainternational.gc.ca/g20/summit-sommet/2010/toronto-declaration-toronto.aspx?lang=eng>.

425. See: <http://www.state.gov/g/oes/climate/mem/>.

426. The Sixth Leaders' Representatives Meeting, Chair's Summary: Sixth Meeting of the Leaders' Representatives of the Major Economies Forum on Energy and Climate, 19 April 2010 – Washington, DC, USA, see: <http://www.majoreconomiesforum.org/past-meetings/the-sixth-leaders-representatives-meeting.html>

427. Seventh Meeting of the Leaders' Representatives of the Major Economies Forum on Energy and Climate: Co-Chair's Summary, Rome, Italy, June 30, 2010, see: <http://www.state.gov/g/oes/rls/remarks/2010/144072.htm>.

428. Chair's Summary: Eighth Meeting of the Leaders' Representatives of the Major Economies Forum on Energy and Climate, Washington, DC, September 22, 2010, see: <http://www.state.gov/g/oes/rls/other/2010/147661.htm>.

TABLE 8.
DISCUSSION ELEMENTS ON CLIMATE CHANGE AND A POST-2012 REGIME

Forums →	World People's Conference on Climate Change and the Rights of Mother Earth	Informal ministerial meeting on climate held in Petersberg	Paris-Oslo REDD-Plus Process	Ministerial meetings of BASIC countries
Issues ↓				
Post-2012 regime and UNFCCC's role in the process	Supports a second commitment period under the Kyoto Protocol	Encourages the implementation of climate protection measures at the same time as United Nations negotiations.		Central role of the UNFCCC. Need to reach a legally-binding agreement at Cancún. Need to create a mechanism to report the results of forums held by a group of States.
Copenhagen Accord	Rejects the Copenhagen Accord.		Supports the Copenhagen Accord.	Supports the Copenhagen Accord.
Reduction goals	Stabilization of concentration of carbon dioxide at 300 ppm. Reducing the rise in global tempe- rature to 2°C is not enough. The developed countries must reduce their emissions by 50% for the 2013-2017 period compared with 1990 levels.	Reducing the rise in global temperature to 2°C. Reducing GHG emissions of developed and newly-industrialized countries is a priority for the next negotiation sessions.		

TABLE 8. (suite)
DISCUSSION ELEMENTS ON CLIMATE CHANGE AND A POST-2012 REGIME

Forums → Issues ↓	World People's Conference on Climate Change and the Rights of Mother Earth	Informal ministerial meeting on climate held in Petersberg	Paris-Oslo REDD-Plus Process	Ministerial meetings of BASIC countries
Mitigation	Condemnation of market mechanisms and their use by developed countries.	The MRV recommendations are a priority for the next negotiation sessions.		The MRV recommendations for the actions of developed countries must be different from the actions of developing countries. National MRV and an international consultation and analysis process (ICA) will be applied to unsupported nationally appropriate mitigation actions (NAMAs).
Adaptation	The Adaptation Fund must be part of the Convention's financial mechanism and should supervise compliance with financial commit- ments made by developed countries.	Support for developing country adaptation measures is a priority for the next negotiation sessions.		
Technology	The developed countries must meet the costs of transferring tech- nologies to developing countries.			

TABLE 8. (suite)
DISCUSSION ELEMENTS ON CLIMATE CHANGE AND A POST-2012 REGIME

Forums →	World People's Conference on Climate Change and the Rights of Mother Earth	Informal ministerial meeting on climate held in Petersberg	Paris-Oslo REDD-Plus Process	Ministerial meetings of BASIC countries
Issues ↓				
Financing	The developed countries must allocate 6% of their GNP in addition to the public develop- ment aid to supporting developing countries in their efforts to combat climate change.	Financing is a priority for the next negotiation sessions.	\$4 billion have been committed by the developed country participants to REDD activities in developing countries.	Call for the granting of fast-start financing, especially when intended for the most vulnerable countries, the African countries and island States. Need to adopt a common format to take stock of financial contributions by developed countries.
REDD	Condemnation of market-based mechanisms, including REDD, REDD + and REDD ++.		Setting up a voluntary, non- restrictive REDD partnership, with the goal of acting as an interim platform whilst a future mechanism is negotiated under the UNFCCC	

TABLE 8. (suite)
DISCUSSION ELEMENTS ON CLIMATE CHANGE AND A POST-2012 REGIME

Forums →	G8 Summit	G20 Summits	Informal ministerial meeting on climate financing	Major Economies Forum on Energy and Climate
↓ Issues →				
Post-2012 regime and UNFCCC's role in the process	Need for a restrictive, ambitious, fair and efficient global agreement for all countries, which will list the respective responsibilities of all the main economies with the aim of reducing GHG emissions.	Supports the UNFCCC process.		Importance of moving forward in Cancún, especially in terms of adaptation, mitigation, REDD-Plus, MRV, financing and technology transfer. Divided on renewing the Kyoto Protocol. Need to have realistic expectations for Cancún.
Copenhagen Accord	Supports the UNFCCC process. Supports the Copenhagen Accord. Calls for effective implementation of the Accord, including the MRV recommendations.	The countries associated with the Copenhagen Accord have reiterated their support for the Accord and called on others to join them.		The countries associated with the Copenhagen Accord have underlined the need to reflect the Accord in any future agreement on a post-2012 regime. Call for rapid implementation of the Accord in terms of the fast-start financing.

TABLE 8. (suite)
DISCUSSION ELEMENTS ON CLIMATE CHANGE AND A POST-2012 REGIME

Forums →	G8 Summit	G20 Summits	Informal ministerial meeting on climate financing	Major Economies Forum on Energy and Climate
↓ Issues ↓				
Mitigation	Reducing the rise in global temperature to 2°C. Global objective of a 50% drop by 2050. Emissions peak as quickly as possible. Objective of 80% by 2050 compared with 1990 levels for developed countries. Comparability of efforts undertaken. Need for quantifiable measures from large emerging economies. Very strict joint and individual reduction objectives for the developed countries.			Importance of agreeing on the MRV requirements and the international analysis and consultation in Cancún. The ICA process must be led by the Parties and not given a political dimension. The national communications are a good starting point for the MRV requirements for developing country actions.
Adaptation	Need to widen research. Recognition of the special situation of the poorest and most vulnerable countries. Pooling of adaptation plans during a conference on adaptation (Russia, 2011).			

TABLE 8. (suite)
DISCUSSION ELEMENTS ON CLIMATE CHANGE AND A POST-2012 REGIME

Forums →	G8 Summit	G20 Summits	Informal ministerial meeting on climate financing	Major Economies Forum on Energy and Climate
↓ Issues →				
Technology	Major role of the carbon capture and storage (CCS) technology and of nuclear energy. Abolition of reduction of tariff and non-tariff barriers to encourage technological dissemination.			
Financing	Setting up respective contributions under the fast-start financing to meet the most pressing needs of the most vulnerable developing countries. Supports the work of the United Nations Secretary General's High-Level Consultative Group.	Supports the work of the United Nations Secretary General's High-Level Consultative Group.	Need to create a new fund attached to the Convention's financial mechanism and liable to the COP. Private sector commitment must not become a substitute for public financing despite its importance. Financing architecture proposal.Importance of complying the MRV recommendations.	Importance of providing the fast-start financing transparently.
REDD	Supports the Paris-Oslo process on the REDD-Plus mechanism.			Supports the Paris-Oslo process on the REDD-Plus mechanism.

Sheet 9.

Basic information on the Kyoto Protocol flexibility mechanisms

To allow Annex B countries a certain flexibility and lower the cost of reducing GHG emissions, three market mechanisms have been included in the Kyoto Protocol: joint implementation (JI), the clean development mechanism (CDM) and emissions trading (see Table 9).

Joint Implementation (JI)

Under JI, two Annex I Parties can trade emission reduction units (ERU) from projects that reduce GHG emissions or to build up carbon sinks⁴²⁹. There are two tracks for participating in the JI projects⁴³⁰, depending on whether a Party satisfies or not all the eligibility criteria, mainly involving the holding of a national inventory:

- Track 1 applies if both Parties comply with all the criteria. In this case, a negotiation takes place between the national governments and the credits (ERUs) are subtracted from the number of assigned amount units (AAU) granted initially to the country hosting the project;
- Track 2 applies if one Party does not comply fully with all the criteria. The project then proceeds under the same process as the one set up for the CDM. An independent auditor must validate the project and subsequently ensure that the GHG emission reductions actually occurred. The allocation of credits (ERU) generated by the project is governed by the JI Supervisory Committee.

The JI Supervisory Committee operates under the authority of the CPM. It is responsible for checking the reductions in GHG emissions coming from JI projects carried out under Track 2 and must also account for these activities in an annual report submitted to the CPM⁴³¹. During CPM-2, the Parties adopted the internal regulations of the Supervisory Committee and the forms for the description of the JI project as proposed by the Supervisory Committee in its annual report. In addition, in respect of guidelines, the Parties decided to adjust the thresholds for small JI projects in line with the revised thresholds for small-scale projects under the CDM⁴³².

Clean Development Mechanism

The CDM allows an Annex I Party to obtain certified emission reductions (CERs) by performing projects to reduce GHG emissions or build up the carbon sinks in the territory of a non-Annex I Party⁴³³.

To be eligible for the CDM, a project must meet the principle of additionality, i.e. it must lead to a reduction in GHG emissions which would not have occurred without it. A "baseline scenario" - a business-as-usual situation - has to be defined, therefore, so that the additionality of a project can be assessed. The CER calculation must also take account of leaks, i.e. the net variation in GHG

429. By virtue of Article 6 of the Kyoto Protocol.

430. Decision 9/CMP.1.

431. *Ibid.*

432. The thresholds for activities of small-scale projects under the CDM were revised in Decision 1/CMP.2.

433. By virtue of Article 12 of the Kyoto Protocol.

emissions produced outside the scope of a project, but which is nevertheless attributable to the project⁴³⁴.

The procedures and rules governing the CDM were laid out in the Kyoto Protocol before being defined more precisely by the Marrakesh Accords at the COP-7 in 2001. The CDM Executive Board is the body responsible for supervising the CDM and must submit recommendations to the CMP⁴³⁵. For this purpose, it submits an annual report containing information on the progress made from Executive Board actions for the implementation and correct operation of the CDM.

The CDM has evolved rapidly since its introduction in 2001. More than 2,400 CDM projects had been registered by October 2010 and more than 439 million CERs had been issued. It is forecast that more than 1.83 billion CERs will have been granted by 2012⁴³⁶.

GHG Emissions Trading (and emission trading systems)

GHG emissions trading, as a Kyoto Protocol flexibility mechanism, provides for national governments of Annex B Parties to trade emission quotas between themselves in order to achieve their mitigation targets more easily. Following a market logic, a country can choose to reduce its own GHG emissions or purchase emissions quotas some from another country. The GHG emissions are therefore reduced where they cost the least, which makes the reduction efforts all the more effective. The three flexibility mechanisms of the Kyoto Protocol form "emission trading systems". These systems, which together form the carbon market, are booming. The carbon market is made up of regulated and voluntary market systems:

- **The regulated market** has come about thanks to "cap-and-trade systems", the result of national, regional or international regulations;
- **the voluntary market** results from speculation in the value of reduction credits or the demand by consumers and organisations willing to offset their GHG emissions.

The so-called "voluntary" market runs on the fringes of the regulated market. It does not rely on the legal obligations of participating entities to generate the demand. Purchasers of reduction credits are either speculators anticipating an increase in the value of credits in the future or businesses seeking to comply with voluntary commitments or businesses and consumers wishing to offset their GHG emissions. The voluntary markets accounts for a small share of the carbon market, but is growing rapidly: 123.4 million tonnes of carbon dioxide equivalent were bought or sold in 2008, double the volume of transactions on the voluntary market in 2007⁴³⁷. In 2009, 93.7 million tonnes of CO₂e were bought and sold on the voluntary market. This drop over 2008 can be partly explained by the recent financial crisis. Nevertheless, the volumes exchanged still equate to a rise of 39% over 2007⁴³⁸.

The global market is also compartmentalized over and beyond the division between the regulated market and the voluntary market, due to the fact that the cap-and-trade systems are not fungible. Indeed, each market is virtually independent. The prices of different carbon units vary according to supply and demand in the various market segments.

434. Decision 3/CMP.1

435. Decision 17/CP.7.

436. See: <http://cdm.unfccc.int/index.html>.

437. Hamilton, *et al.*, 2009.

438. Hamilton, *et al.*, 2010.

TABLE 9.
KYOTO PROTOCOL FLEXIBILITY MECHANISMS

Mechanism	Parties involved	Transaction unit*		Description
Emissions trading (Article 17)	Between the Annex B Parties	AAU	Assigned Amount Unit	Allocation of AAU based on the GHG emission reduction objective published in Annex B and market trading.
		RMU	Removal Unit	Allocation of the RMU based on Land Use, Land Use changes and Forestry (LULUCF) for the sequestration of GHG and trading within a market system.
Joint implementation (JI) (Article 6)	Between the Parties included in Annex I	ERU	Emission Reduction Unit	Issuing of an ERU to finance an activity to reduce GHG emissions in another Annex I Party, in the 2008-2012 period.
		CER	Certified Emission Reduction	Issuing of an CER to finance a project to reduce GHG emissions in a non-Annex I Party, in the 2008-2012 period.
Clean development mechanism (CDM) (Article 12)	Between an Annex I Party and a non-Annex I Party.	tCER	Temporary CER	Issuing of a tCER, valid until the end of a given commitment period, for an afforestation and reforestation activity under the CDM, in the 2000-2012 period.
		ICER	Long-term CER	Issuing of an ICER, valid until the end of a given commitment period, for a reforestation activity under the CDM, in the 2000-2012 period.

FICHES DE TERMINOLOGIE

Fiche A.

UNFCCC and Kyoto Protocol document listings

Name	Description
Decision x/CP.x	COP decision
Decision x/CMP.x	CMP decision
FCCC/AWGLCA/x	AWG-LCA preparatory document or provisional or current agenda
FCCC/CP/x	COP preparatory document or provisional or current agenda
FCCC/KP/CMP/x	CMP preparatory document or provisional or current agenda
FCCC/KP/AWG/x	AWG-KP preparatory document or provisional or current agenda
FCCC/SBI/x	SBI preparatory document or provisional or current agenda
FCCC/SBSTA/x	SBSTA preparatory document or provisional or current agenda
FCCC/SB/x	Preparatory document or provisional or current agenda of the two subsidiary bodies
/ARR/x	Report of the individual examination of the GHG inventory (from 2005)
/WEB/IRI/x	Report of the individual examination of the GHG inventory/Document published on the Web only (listing used until 2004 inclusive)
/ASR/x	GHG inventory annual status report
/WEB/SAI/x	GHG inventory summary and assessment report/Document published on the Web only
/COM/x	National communication
/DPR/x	Demonstrable Progress Report
/IDR.x	In-depth Review
CDM EB-x	CDM Executive Board Report
SMSN/IGO/x	Document submitted by intergovernmental organizations
SMSN/NGO/x	Document submitted by non-governmental organizations
/TP/x	Technical Paper
/Add.x	Text added to a document presented previously (Addendum)
/Amend.x	Amendment to a text
/Corr.x	Correction of a text
/CRP.x	Conference Room Paper
/INF.x	Information series containing general information
/L.x	Limited distribution document: Draft report or text
/MISC.x	Miscellaneous documents: Points of view of Parties and observers; list of participants
/Rev.x	Text revision which supersedes the text published previously
Non paper	Internal, unofficial document to facilitate the negotiations

Note : x indicates a serial number.

Source : http://unfccc.int/documentation/introductory_guide_to_documents/items/2644.php.

Sheet B.
Abbreviations and acronyms
Abbreviations and acronyms French - English

	French	English	
	AIE	Agence internationale de l'énergie (www.iea.org)	<i>International Energy Agency</i> <i>IEA</i>
	AND	Autorité nationale désignée	<i>Designated national authority</i> <i>DNA</i>
	APEID	Alliance des petits États insulaires en développement (www.sidsnet.org/aosis)	<i>Alliance of Small Island States</i> <i>AOSIS</i>
	CAI	Consultation et analyse internationale	<i>International Consultation and Analysis</i> <i>ICA</i>
	CACAM	Groupe de pays de l'Asie centrale, du (de l'anglais) Caucase, de l'Albanie et de la Moldavie	<i>Central Asia, Caucasus, Albania and Moldova Group</i> <i>CACAM</i>
	CCNUCC	Convention cadre des Nations unies sur les changements climatiques (http://unfccc.int)	<i>United Nations Framework Convention on Climate Change</i> <i>UNFCCC</i>
	CdP	Conférence des Parties à la Convention cadre des Nations Unies sur les changements climatiques	<i>Conference of the Parties to the United Nations Framework Convention on Climate Change</i> <i>COP</i>
	CEE	Communauté économique européenne	<i>European Economic Community</i> <i>EEC</i>
	Conseil exécutif du MDP	Conseil exécutif du Mécanisme pour un développement propre	<i>Executive Board of the Clean Development Mechanism</i> <i>Executive Board of the CDM</i>
	CRP ou CdP/RdP	Conférence des Parties agissant comme Réunion des Parties au Protocole de Kyoto	<i>Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol</i> <i>CMP ou COP/MOP</i>
	DAR	Dispositif d'allocation des ressources	<i>Resources Allocation Framework</i> <i>RAF</i>
	Dialogue de la CCNUCC	Dialogue sur l'action de coopération à long terme pour faire face aux changements climatiques à travers l'amélioration de la mise en application de la Convention	<i>Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention</i> <i>UNFCCC Dialogue</i>
S	FEM	Fonds pour l'environnement mondial (www.gefweb.org)	<i>Global Environment Facility</i> <i>GEF</i>
H	Fonds pour les PMA	Fonds pour les pays les moins avancés	<i>Least Developed Countries Fund</i> <i>LDCF</i>
E	FSCC	Fonds spécial pour les changements climatiques	<i>Special Climate Change Fund</i> <i>SCCF</i>
T	G-77/ Chine	Groupe des 77 et Chine (www.g77.org)	<i>Group of 77 and China</i> <i>G-77/ China</i>
A	GCE	Groupe consultatif d'experts des communications nationales des Parties non visées à l'Annexe I	<i>Consultative Group of Experts on non-Annex I national communications</i> <i>CGE</i>
C			
P			

	French	English	
GEPMA	Groupe d'experts sur les pays les moins avancés	<i>Least Developed Country Expert Group</i>	LEG
GES	Gaz à effet de serre	<i>Greenhouse gas</i>	GHG
GETT	Groupe d'experts sur le transfert de technologies	<i>Expert Group on Technology Transfer</i>	EGTT
GIEC	Groupe d'experts intergouvernemental sur l'évolution du climat (www.ipcc.ch)	<i>Intergovernmental Panel on Climate Change</i>	IPCC
GRULAC (de l'espagnol)	Groupe régional de l'Amérique latine et des Caraïbes	<i>Regional group of Latin America and Caribbean Countries</i>	GRULAC (de l'espagnol)
GTS-ACV	Groupe de travail spécial de l'action concertée à long terme au titre de la Convention	<i>Ad Hoc Working Group on Long -Term Cooperative Action under the Convention</i>	AWG-LCA
GTS-PK	Groupe de travail spécial sur les nouveaux engagements pour les Parties visées à l'Annexe I au titre du Protocole de Kyoto	<i>Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol</i>	AWG-KP
HFC	Hydrofluorocarbures	<i>Hydrofluorocarbons</i>	HFC
MDP	Mécanisme pour un développement propre (cdm.unfccc.int)	<i>Clean Development Mechanism</i>	CDM
MOC	Mise en œuvre conjointe (ji.unfccc.int)	<i>Joint Implementation</i>	JI
MRV	Mesurable, notifiable et vérifiable	<i>Measurable, reportable and verifiable</i>	MRV
NAMA	Actions d'atténuation appropriées au niveau national	<i>Nationally Appropriate Mitigation Actions</i>	NAMA
OACI	Organisation de l'aviation civile internationale	<i>International Civil Aviation Organization</i>	ICAO
OCDE	Organisation de coopération et de développement économiques	<i>Organisation for Economic Co-operation and Development</i>	OECD
OMI	Organisation maritime internationale	<i>International Maritime Organization</i>	IMO
OMM	Organisation météorologique mondiale	<i>World Meteorological Organization</i>	WMO
ONG	Organisation non gouvernementale	<i>Non governmental organization</i>	NGO
OPEP	Organisation des pays exportateurs de pétrole	<i>Organization of Petroleum Exporting Countries</i>	OPEC
OS	Organe subsidiaire	<i>Subsidiary Body</i>	SB
OS CST	Organe subsidiaire de conseil scientifique et technologique	<i>Subsidiary Body for Scientific and Technological Advice</i>	SBSTA

	French	English	
OSMCE	Organe subsidiaire de mise en œuvre	<i>Subsidiary Body for Implementation</i>	<i>SBI</i>
PANA	Programme d'action national aux fins de l'adaptation	<i>National Adaptation Programme of Action</i>	<i>NAPA</i>
PEID	Petits États insulaires en développement (www.sidsnet.org)	<i>Small Island Developing States</i>	<i>SIDS</i>
PK	Protocole de Kyoto	<i>Kyoto Protocol</i>	<i>KP</i>
PMA	Pays les moins avancés	<i>Least Developed Countries</i>	<i>LDCs</i>
PNA	Plans nationaux d'allocation	<i>National Allocation Plans</i>	<i>NAPs</i>
ppm	Parties par million (volume/poids)	<i>Parts per million (volume/weight)</i>	<i>ppm</i>
PTN	Programme de travail de Nairobi sur les incidences des changements climatiques et la vulnérabilité et l'adaptation à ces changements	<i>Nairobi work programme on impacts, vulnerability and adaptation to climate change</i>	
QELRO	Objectifs chiffrés de limitation et de réduction des émissions	<i>Quantified emission reduction objectives</i>	<i>QELRO</i>
R&D	Recherche et développement	<i>Research and development</i>	<i>R&D</i>
REDD	Réduction des émissions découlant du déboisement et de la dégradation	<i>Reducing emissions from deforestation and degradation</i>	<i>REDD</i>
RIT	Relevé international des transactions	<i>International Transaction Log</i>	<i>ITL</i>
SMOC	Système mondial d'observation du climat (www.wmo.ch/web/gcos/gcoshome.html)	<i>Global Climate Observing System</i>	<i>GCOS</i>
SMOT	Système mondial d'observation terrestre (www.fao.org/gtos)	<i>Global Terrestrial Observing System</i>	<i>GTOS</i>
UE	Union européenne	<i>European Union</i>	<i>EU</i>
UQA	Unité de quantité attribuée	<i>Assigned Amount Unit</i>	<i>AAU</i>
URCE	Unité de réduction certifiée des émissions	<i>Certified Emission Reduction</i>	<i>CER</i>
URCE-T	URCE temporaire	<i>Temporary Certified Emission Reduction</i>	<i>tCER</i>
URE	Unité de réduction des émissions	<i>Emission Reduction Unit</i>	<i>ERU</i>
UTCATF	Utilisation des terres, du changement d'affectation des terres et de la foresterie	<i>Land Use, Land Use Changes and Forestry</i>	<i>LULUCF</i>

Sheet B.**Abbreviations and acronyms****Abbreviations and acronyms English - French**

	English	French	
AAU	Assigned Amount Unit	Unité de quantité attribuée	UQA
AOSIS	Alliance of Small Island States	Alliance des petits États insulaires en développement (www.sidsnet.org/laosis)	APEID
AWG-KP	Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol	Groupe de travail spécial sur les nouveaux engagements pour les Parties visées à l'Annexe I au titre du Protocole de Kyoto	GTS-PK
AWG-LCA	Ad Hoc Working Group on Long-Term Cooperative Action under the Convention	Groupe de travail spécial de l'action concertée à long terme au titre de la Convention	GTS-ACV
CACAM	Central Asia, Caucasus, Albania and Moldova Group	Groupe de pays de l'Asie centrale, du Caucase, de l'Albanie et de la Moldavie	CACAM (de l'anglais)
CCS	Carbon capture and storage	Captage et stockage du carbone	
CDM	Clean Development Mechanism (cdm.unfccc.int)	Mécanisme pour un développement propre	MDP
CER	Certified Emission Reduction	Unité de réduction certifiée des émissions	URCE
CGE	Consultative Group of Experts on non-Annex I national communications	Groupe consultatif d'experts des communications nationales des Parties non visées à l'Annexe I	GCE
CMP ou COP/MOP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol	Conférence des Parties agissant comme Réunion des Parties au Protocole de Kyoto	CRP ou CdP/RdP
COP	Conference of the Parties to the United Nations Framework Convention on Climate Change	Conférence des Parties à la Convention cadre des Nations-Unies sur les changements climatiques	CdP
DNA	Designated national authority	Autorité nationale désignée	AND
EEC	European Economic Community	Communauté économique européenne	CEE
EGTT	Expert Group on Technology Transfer	Groupe d'experts sur le transfert de technologies	GETT
ERU	Emission Reduction Unit	Unité de réduction des émissions	URE
EU	European Union	Union européenne	UE
EUA	European Union allowances	Quota de la Communauté européenne	
Executive Board of the CDM	Executive Board of the Clean Development Mechanism	Conseil exécutif du Mécanisme pour un développement propre	Conseil exécutif du MDP

	Anglais	Français	
G-77/ China	Group of 77 and China	Groupe des 77 et Chine (www.g77.org)	G-China77
GCOS	Global Climate Observing System	Système mondial d'observation du climat (www.wmo.ch/web/gcos/gcoshome.html)	SMOC
GEF	Global Environment Facility	Fonds pour l'environnement mondial (www.gefweb.org)	FEM
GHG	Greenhouse gas	Gaz à effet de serre	GES
GRULAC (de l'espagnol)	Regional group of Latin America and Caribbean Countries	Groupe régional de l'Amérique latine et des Caraïbes	GRULAC (de l'espagnol)
GTOS	Global Terrestrial Observing System	Système mondial d'observation terrestre (www.fao.org/gtos)	SMOT
ICA	International Consultation and Analysis	Consultation et analyse internationale	CAI
ICAO	International Civil Aviation Organization	Organisation de l'aviation civile internationale	OACI
IEA	International Energy Agency	Agence internationale de l'énergie (www.iea.org)	AIE
IETA	International Emissions Trading Association	Association internationale du marché des émissions (www.ieta.org)	
IMO	International Maritime Organization	Organisation maritime internationale	OMI
IPCC	Intergovernmental Panel on Climate Change	Groupe d'experts intergouvernemental sur l'évolution du climat (www.ipcc.ch)	GIEC
ITL	International Transaction Log	Relevé international des transactions	RIT
JI	Joint Implementation	Mise en œuvre conjointe (ji.unfccc.int)	MOC
JISC	Joint Implementation Supervisory Committee	Comité de supervision de la mise en œuvre concertée	CSMCEC
JUSSCANNZ			
	Japan, US, Switzerland, Canada, Australia, Norway and New Zealand	Groupe du JUSSCANNZ	
KP	Kyoto Protocol	Protocole de Kyoto	PK
LDCs	Least Developed Countries	Pays les moins avancés	PMA
LDCF	Least Developed Countries Fund	Fonds pour les pays les moins avancés	Fonds pour les PMA
LEG	Least Developed Country Expert Group	Groupe d'experts sur les pays les moins avancés	GEPMA
LULUCF	Land Use, Land Use Changes and Forestry	Utilisation des terres, du changement d'affectation des terres et de la foresterie	UTCATF
MRV	Measurable, reportable and verifiable	Mesurable, notifiable et vérifiable	MRV

	Anglais	Français	
NAMA	Nationally Appropriate Mitigation Actions	Actions d'atténuation appropriées au niveau national	NAMA
NAPs	National Allocation Plan	Plans nationaux d'allocation	PNA
NAPA	National Adaptation Programme of Action	Programme d'action national aux fins de l'adaptation	PANA
NGO	Non governmental organization	Organisation non gouvernementale	ONG
OECD	Organisation for Economic Co-operation and Development	Organisation de coopération et de développement économiques	OCDE
OPEC	Organization of Petroleum Exporting Countries	Organisation de pays exportateurs de pétrole	OPEP
ppm	Parts per million (volume/weight)	Parties par million (volumepoids)	ppm
QELRO	Quantified emission limitation and reduction objectives	Objectifs chiffrés de limitation et de réduction des émissions	QELRO
RAF	Resources Allocation Framework	Dispositif d'allocation des ressources	DAR
REDD	Reducing emissions from deforestation and degradation	Réduction des émissions découlant du déboisement et de la dégradation	REDD
RGGI	Regional Greenhouse Gas Initiative	Initiative régionale sur les gaz à effet de serre (www.rggi.org)	
SB	Subsidiary Body	Organe subsidiaire	OS
SBI	Subsidiary Body for Implementation	Organe subsidiaire de mise en œuvre	OSMCE
SBSTA	Subsidiary Body for Scientific and Technological Advice	Organe subsidiaire de conseil scientifique et technologique	OSCST
SCCF	Special Climate Change Fund	Fonds spécial pour les changements climatiques	FSCC
SIDS	Small Island Developing States	Petits États insulaires en développement (www.sidsnet.org)	PEID
tCER	Temporary Certified Emission Reduction	URCE temporaire	URCE-T
UNDP	United Nations Development Programme	Programme des Nations Unies pour le développement	PNUD
UNEP	United Nations Environment Programme	Programme des Nations Unies pour l'environnement	PNUE
UNFCCC	United Nations Framework Convention on Climate Change	Convention cadre des Nations Unies sur les changements climatiques (http://unfccc.int)	CCNUCC
UNFCCC Dialogue	Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention	Dialogue sur l'action de coopération à long terme pour faire face aux changements climatiques à travers l'amélioration de la mise en application de la Convention	Dialogue de la CCNUCC
WEOG	Western Europe and Others Group	Groupe de l'Europe de l'Ouest et des autres	
WMO	World Meteorological Organization	Organisation météorologique mondiale	OMM

Sheet C.
Lexicon
French - English

French	English
Actions d'atténuation appropriées au niveau national	Nationally Appropriate Mitigation Actions
Branche coercitive	Enforcement branch
Branche facilitatrice	Facilitative branch
Captage et stockage du carbone	Carbon capture and storage
Centre d'information sur les technologies	Technology clearing house
Comité de contrôle de respect des dispositions	Compliance Committee
Comité de surveillance de la MOC	JI Supervisory Committee
Comité exécutif du MDP	CDM Executive Committee
Communication nationale	National communication
Conséquences néfastes	Adverse effects
Consultation et analyse internationales	International Consultation and Analysis
Critères d'admissibilité	Eligibility criteria
Échange international de droits d'émissions	International emissions trading
Fonds d'adaptation du Protocole de Kyoto	Kyoto Protocol Adaptation Fund
Fongibilité	Fungibility
Groupe parapluie (ou Groupe chapeau ou Groupe de l'ombrelle)	Umbrella Group
Inventaire	Inventory
Lignes directrices	Guidelines
Mécanisme de projets	Project-based mechanism
Mécanisme de flexibilité	Flexibility mechanism
Mesurable, notifiable et vérifiable	Measurable, reportable and verifiable
Mesure de riposte	Response measures
Plafond d'émissions	Emissions cap
Plan d'action structurel d'observance	Compliance action plan
Principe d'addition	Additionality
Quantité attribuée	Assigned Amount
Renforcement des capacités	Capacity building
Scénario de référence	Baseline
Système de conformité	Compliance System
Système national d'inventaire	National inventory system
Transfert de technologies	Technology transfer

Sheet C.
Lexicon
English - French

English	French
Additionality	Principe d'addition
Adverse effects	Conséquences néfastes
Assigned Amount	Quantité attribuée
Baseline	Scénario de référence
Capacity building	Renforcement des capacités
Carbon capture and storage	Captage et stockage du carbone
CDM Executive Committee	Comité exécutif du MDP
Compliance action plan	Plan d'action structurel d'observance
Compliance Committee	Comité de contrôle de respect des dispositions
Compliance System	Système de conformité
Eligibility criteria	Critères d'admissibilité
Emissions cap	Plafond d'émissions
Enforcement branch	Branche coercitive
Facilitative branch	Branche facilitatrice
Flexibility mechanism	Mécanisme de flexibilité
Fungibility	Fongibilité
Guidelines	Lignes directrices
International emissions trading	Échange international de droits d'émissions
International Consultation and Analysis	Consultation et analyse internationales
Inventory	Inventaire
JI Supervisory Committee	Comité de surveillance de la MOC
Kyoto Protocol Adaptation Fund	Fonds d'adaptation du Protocole de Kyoto
Measurable, reportable and verifiable	Mesurable, notifiable et vérifiable
National communication	Communication nationale
National inventory system	Système national d'inventaire
Nationally Appropriate Mitigation Actions	Actions d'atténuation appropriées au niveau national
Project-based mechanism	Mécanisme de projets
Response measures	Mesure de riposte
Technology clearing house	Centre d'information sur les technologies
Technology transfer	Transfert de technologies
Umbrella Group	Groupe parapluie (ou Groupe chapeau ou Groupe de l'ombrelle)

Sheet D.
Themed glossary

Adaptation	Adaptation is the ability of a system to adjust its mechanisms, processes and structure to climate change. Adaptation can be spontaneous or planned; it can occur in response to or in advance of a change in conditions.
Additionality	In the context of the Kyoto Protocol, additionality means that the reductions in GHG emissions generated by projects implemented under the clean development mechanism or under a joint initiative must clearly be an addition to emissions which would have occurred without these projects.
Afforestation*	Planting of new forests on lands that historically have not contained forests.
Anthropogenic	Gas emissions caused by human activities are called anthropogenic and are added to natural emissions. These are additional emissions which can be considered as pollution.
Baseline	This is a historical level used to calculate subsequent changes in greenhouse gas emissions. This variable is determined micro-economically or macro-economically. It is of crucial importance in determining the additionality level of reductions resulting from joint initiative projects or those implemented under the clean development mechanism.
Business-as-usual scenario	Greenhouse gases resulting from general trends in an economy with no emission control policy. This reference is used to estimate the effectiveness of policies and measures to combat greenhouse gas emissions.
Carbon dioxide capture and storage*	The process of increasing the carbon content of a carbon reservoir other than the atmosphere. Physical approaches include separation and disposal of CO ₂ from flue gases or from processing fossil fuels to produce hydrogen- and CO ₂ -rich fractions and long-term storage underground in depleted oil and gas reservoirs, coal seams and saline aquifers.
Carbon leakage*	<p>Part of GHG emission reductions in Annex B countries that may be offset by an increase in emissions in non-constrained countries above their baseline levels. This can occur through (i) relocation of energy-intensive production in non-constrained regions; (ii) increased consumption of fossil fuels in these regions through decline in the international price of oil and gas triggered by lower demand for these energies; and (iii) changes in incomes (thus in energy demand) because of better terms of trade.</p> <p>The term also refers to the situation in which a carbon capture activity (tree planting, for example) on one piece of land inadvertently, directly or indirectly, triggers an activity, which in whole or part, counteracts the carbon effects of the initial activity.</p>

Carbon sink	Any process, activity or mechanism, natural or artificial, that removes a greenhouse gas, an aerosol or a precursor of a greenhouse gas from the atmosphere. Examples are trees, plants and oceans.
CO2 equivalent*	The concentration of carbon dioxide (CO ₂) that would cause the same amount of radiative forcing as a given mixture of CO ₂ and other greenhouse gases.
Compliance	Comment: Verifying compliance with the Kyoto commitments is a fundamental point. The verification modalities, the responsible organization and possible sanctions are debated bitterly.
Energy intensity*	Ratio of energy consumption to economic or physical output. At the national level, energy intensity is the ratio of total domestic consumption or final energy consumption to Gross Domestic Product or physical output.
Global Warming Potential (GWP)*	An index, describing the radiative characteristics of greenhouse gases, that represents the combined effect of the time these gases remain in the atmosphere and their relative effectiveness in absorbing outgoing infrared radiation. This index approximates the time-integrated warming effect of a unit mass of a given greenhouse gas in the atmosphere, relative to that of CO ₂ .
Greenhouse gas (GHG)	Greenhouse gas is understood to mean those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit infrared radiation. They help maintain the heat in the Earth's atmosphere. These gases are produced by both natural and anthropogenic processes. The main gases are water vapour, carbon dioxide (CO ₂), methane (CH ₄), dinitrogen oxide (N ₂ O), the chlorofluorocarbons, hydrofluorocarbons (HFC) and perfluorocarbons (PFC) and sulphur hexafluoride (SF ₆).
Hot air	This term refers to the fact that certain Annex B countries (like Russia and Ukraine), due to their industrial recession in the 1990s, received higher emission limitation targets than their total amount of emissions without taking any measures for domestic reduction into account. This quota surplus (hot air) could potentially be sold to other countries via flexibility mechanisms.
Land Use, Land Use changes and Forestry (LULUCF)	Land use and their changes (forest, agriculture, natural areas, etc.) have a significant influence on carbon storage (sink) and methane (CH ₄) releases and therefore on climate change. They contribute to the anthropogenic emissions taken into account by the Kyoto Protocol. The problem of land and forest use goes hand in hand with the concerns of two other conventions: biodiversity and desertification.

Mitigation*	A human intervention to reduce the sources or enhance the sinks of greenhouse gases.
Reforestation*	Planting of forests on lands that have previously contained forests but have been converted to other uses.
Sequestration	CO ₂ sequestration projects can participate in two distinct and sometimes complementary ways to carbon sequestration: (i) by extracting the carbonic gas from the atmosphere and storing it as over- and underground biomass; (ii) by producing additional renewable biomass where the waste-to-energy conversion can avoid the recourse to fossil fuels.
Supplementarity	In the context of the UNFCCC, supplementarity refers to the option available to the Parties to the Kyoto Protocol, using Kyoto mechanisms like emissions trading, to introduce also suitable domestic policies, energy-related or otherwise, to fulfil the GHG emission reduction objectives in the long term.
Vulnerability	Vulnerability defines to what extent a system can be degraded or damaged by climate change. It depends not just on the sensitivity but also on the adaptability of the system to new climatic conditions.
Woodland clearance*	Conversion of forest to non-forest. Synonym: deforestation

Source: extracts (mainly full) from the Glossaire du Climar (Climate Glossary) (Husseini and Brodhag, 2000), except for starred (*) definitions which come from the IPCC Glossary of Terms (IPCC, 1995).

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**Negotiator's Guide assessment form – CdP-16 et CRP-6
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To assist us in improving the next versions of the Negotiator's Guide, we should be grateful if you would assess this version using the scale of 1 to 4 and adding your comments below.

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Clarity of issues	<input type="checkbox"/> 1
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To meet the objective of the *United Nations Framework Convention on Climate Change* (UNFCCC) to stabilise greenhouse gas concentrations in the atmosphere "*at a level that would prevent dangerous anthropogenic interference with the climate system*", the Kyoto Protocol calls for quantified reductions in developed countries' GHG emissions for the 2008-2012 period. If this ultimate Convention objective is to be achieved in the long term, efforts to reduce emissions must continue beyond 2012, by agreeing on a post-2012 regime.

As the Copenhagen Summit (2009) failed to conclude a legally-binding agreement, government representatives of more than two hundred countries will meet in Cancún, Mexico (29 November-10 December 2010), under the auspices of the UNFCCC, to continue negotiations on a post-2012 regime, this time under the leadership of the new UNFCCC Executive Secretary, Mrs Christiana Figueres. Although it now seems obvious that the Cancún negotiations will not achieve the agreement expected in Copenhagen, the results of the Cancún negotiations will be decisive in ensuring the continuity of the multilateral climate change process towards a legally-binding agreement. The challenge will be to set the necessary milestones for continued negotiations without prejudging the final outcome.

The aim of this guide is to help participants understand better the main issues which will be discussed at the Cancún Conference. The negotiations on the post-2012 period will predominate, but other topics on the current regime are also on the agenda, including the improved framework for technology development and transfer and adaptation. Although this guide is intended especially for negotiators from member countries of the International Organisation of la Francophonie (OIF), we hope that it will also be useful to delegates with a wide variety of outlooks.



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