

WORK OF THE AWG-LCA CONTACT GROUP

Agenda item 3.2.5

Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries

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Note by the Facilitator

This note reflects the facilitator's assessment of issues to be addressed by Parties for the fulfilment of the mandate, as contained in decision 1/CP.16, paragraphs 80, 81, 84 and 85, for the AWG-LCA to elaborate one or more market-based mechanisms and one or more non-market-based mechanisms for consideration and possible establishment by the Conference of the Parties at its seventeenth session (COP 17), as well as possible work prior to COP 17.

Parties engaged constructively with a view to deepening their understanding of the proposals contained in submissions under this agenda item. In addition, they exchanged views on the scope, structure and level of detail of the decision(s) to be recommended for consideration by COP 17. Many Parties highlighted the need for further in-depth technical discussions on this issue.

1. Possible structure of one or more decisions on market-based mechanisms

- Reference to consistency with Convention principles, guidance from decision 1/CP.16, paragraph 80, and complementarity with Kyoto Protocol mechanisms;
- Consideration of eligibility criteria and a cap on using offsets;
- Elaboration of specific mechanism(s), with further guidance on scope, characteristics and governance;
- Elaboration of a framework under the Convention to guide the bottom-up development of mechanisms by Parties;
- Launch of work (process and timing) to develop modalities and procedures for each new mechanism;
- Consideration of the use of mechanisms being contingent on legally binding targets reflecting increased levels of ambition (e.g. under a second commitment period of the Kyoto Protocol or equivalent).

2. Possible structure of one or more decisions on non-market-based mechanisms

- Reference to overall consistency with Convention principles;
- Elaboration of specific mechanism(s), with further guidance on scope, characteristics and governance;
- Launch of work (process and timing) to develop modalities and procedures for each new mechanism.

3. Possible work prior to COP 17

- Technical workshop
 - Deepen understanding of submissions and proposed mechanisms, as well as how they work and relate to other issues in the negotiations;
 - Address both market and non-market mechanisms;
 - Preferably pre-sessional to sessions of the ad hoc working groups in September/October;
 - Inclusive participation (transparency);
 - Drawing on recognized expertise;
 - Apolitical and analytical;
 - Discussions to inform the process;
 - Technical paper by the secretariat on issues to be considered in assessing the cost-effectiveness of market and non-market approaches.
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