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**AD HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION  
UNDER THE CONVENTION**

Second session  
Bonn, 2–12 June 2008

**Item 3 (a–e) of the provisional agenda**

**Enabling the full, effective and sustained implementation of the Convention through long-term cooperative action now, up to and beyond 2012, by addressing, inter alia:**

**A shared vision for long-term cooperative action**

**Enhanced national/international action on mitigation of climate change**

**Enhanced action on adaptation**

**Enhanced action on technology development and transfer to support action on mitigation and adaptation**

**Enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation**

**Summary of views expressed during the first session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention on the development of the two-year work programme that was mandated under paragraph 7 of the Bali Action Plan**

**Note by the Chair\***

*Summary*

The first session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) was held in Bangkok, Thailand, from 31 March to 4 April 2008. In that session, Parties developed the work programme for the group. In exchanging views on the work programme, Parties addressed all the elements of decision 1/CP.13 (the Bali Action Plan): a shared vision for long-term cooperative action; enhanced national/international action on mitigation; enhanced action on adaptation; enhanced action on technology development and transfer to support action on mitigation and adaptation; and enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation. The AWG-LCA invited the Chair to prepare a Chair's summary of the views expressed in this exchange. This document is in response to that invitation.

\* This document was submitted late because there was insufficient time to finalize it between the dates of the first session of the Ad Hoc Working Group on Long-term Cooperative Action and the document deadline.

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## I. Introduction

### A. Mandate

1. The first session of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) was held in Bangkok, Thailand, from 31 March to 4 April 2008. During that session, Parties exchanged views in an informal plenary setting on the development of the work programme of the group, as requested by decision 1/CP.13 (the Bali Action Plan). The conclusions are contained in document FCCC/AWGLCA/2008/3, paragraphs 21–28. These informal plenaries addressed all the elements of the Bali Action Plan.

2. The AWG-LCA, at the same session, invited the Chair to prepare a Chair's summary of the views expressed in this exchange.<sup>1</sup> In response to that invitation, the Chair has prepared this document, with the assistance of the secretariat, containing a summary of the views expressed.

### B. Scope of the note

3. The informal plenary discussion was structured to cover the five elements of the Bali Action Plan to be addressed by the AWG-LCA. As well as discussing the work programme of the group, in accordance with that decision, Parties took the opportunity to begin initial consideration of the five elements. This document is organized into five sections to reflect this exchange of views on each of the elements.

## II. Chair's summary

### A. A shared vision for long-term cooperative action

4. The **scope** of the shared vision for long-term cooperative action was central to the debate on this element. The exchange led to a general understanding that this shared vision should include all the elements of the Bali Action Plan. Parties recalled Article 2 of the Convention and highlighted the need to translate the shared vision into concrete mitigation and adaptation actions. Several Parties expressed the view that any emissions reduction goal considered will have to be realistic yet ambitious.

5. The **nature** of the long-term goal was also considered. Some Parties referred to this as a non-binding or aspirational goal, which could serve as a guide for mitigation and adaptation actions, while others stressed the need for a binding goal.

6. Parties suggested that the shared vision for long-term cooperative action should be based on scientific knowledge and take into account technical and socio-economic changes. Furthermore, many suggested that basing the shared vision on scientific knowledge would lead it to develop over time.

7. Some Parties stressed the need to implement short-term actions, especially in relation to adaptation and to deployment and transfer of technology. In this regard, it was noted that the Bali Action Plan launched a process for long-term cooperative action, now, up to and beyond 2012.

8. The initial consideration of the shared vision for long-term cooperative action led to an exchange of views on **comparability of efforts** among developed countries. While Parties understand that industrialized countries are to take the lead in the effort, some Parties noted that the world has changed since the adoption of the Convention and suggested that differences in national circumstances, including among developing countries, should be taken into account. Other Parties pointed to the persistent differences in social and economic indicators between developed and developing countries and to the

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<sup>1</sup> FCCC/AWGLCA/2008/3, paragraph 22.

objective of the Bali Action Plan, which is the full implementation of the Convention, and not its reinterpretation.

9. These initial considerations of this element revealed the need for the AWG-LCA to build a **common understanding of the shared vision** in order to reach an agreed outcome on long-term cooperative action.

10. For that purpose, some Parties suggested that additional scientific information is required, notably on impacts of different stabilization scenarios, on small island developing States (SIDS) in particular. Some Parties also suggested that the Intergovernmental Panel on Climate Change should be invited to give a presentation during a future session of the AWG-LCA.

11. Parties further proposed that additional analysis of long-term goal scenarios and analysis of means and mechanisms to support long-term actions on mitigation and adaptation, including technology and cost scenarios, is needed.

### **B. Enhanced national/international action on mitigation**

12. On mitigation, many Parties highlighted the urgent need to address climate change and stated that this objective is the overriding concern. With that in mind and recalling the principles of common but differentiated responsibilities and respective capabilities, Parties initiated considerations on **paragraphs 1 (b) (i) and 1 (b) (ii) of the Bali Action Plan**.

13. Regarding the **scope** of these paragraphs, Parties exchanged views on the nature of contributions contemplated for developed and developing country Parties. Some Parties argued that in the case of developed countries, both mitigation actions and quantified emission limitation and reduction objectives are contemplated. Some Parties further expressed the view that these considerations should include the definition of a quantified emission limitation and reduction target for those developed country Parties that are not also Parties to the Kyoto Protocol.

14. In the case of developing countries, many Parties suggested that nationally appropriate mitigation actions should be considered in the context of sustainable development and that the contribution from these Parties depends on access to technology and financing; such actions could be promoted through positive incentives. Parties further suggested that actions undertaken by developing countries on mitigation of climate change could be enhanced by taking into account potential co-benefits of sustainable development policies and measures. Some Parties were of the view that actions already being undertaken by developing countries should be recognized. A technical paper and/or a workshop on the mitigation potential of developing countries were suggested.

15. In relation to mitigation actions of developing countries, some Parties highlighted the potential of renewable energy and energy efficiency related actions, suggesting that these be specially supported by financing, technology and positive incentives.

16. A suggestion was also made to set medium-term national targets, taking a bottom-up approach and incorporating sector-based energy efficiency; setting such targets, it was argued, could also promote technology transfer.

17. In addition, some Parties suggested the need to clarify the concepts of “developed countries” “developing countries” and/or to establish criteria to distinguish between them. Other Parties opposed this exercise.

18. Some Parties expressed the need to distinguish the consideration on this element of the Bali Action Plan from work carried out by the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol. In this regard, some Parties were of the view that the

AWG-LCA should focus its considerations on new aspects of mitigation actions identified in the Bali Action Plan, such as the issue of comparability of efforts; measuring, reporting and verification (MRV) requirements; and the identification of mitigation potential and commitments for Parties that are not also Parties to the Kyoto Protocol. For this purpose, a technical paper and a workshop were suggested.

19. The exchange of views on paragraphs 1 (b) (i) and 1 (b) (ii) also took in the aspect of **comparability of efforts**. Many Parties were of the view that further work is needed on this issue and that it should be carried out at an early stage of the work of the AWG-LCA, in order to build a common understanding of this new concept.

20. Some Parties suggested that this work should include the consideration of (1) criteria to define and ensure comparability of efforts among Parties and (2) how the principle of common but differentiated responsibilities and differences in national circumstances should be taken into account in the comparison of efforts between groups and within groups of Parties. Population growth, national circumstances and domestic capacities were mentioned as parameters to be considered. Other Parties stressed that the concept of comparability of efforts refers to paragraph 1 (b) (i) and is restricted to developed country Parties.

21. Recognizing the need for further work to clarify the concepts of **“measurable”**, **“reportable”** and **“verifiable”**, Parties initiated considerations on how MRV requirements should be applied in the light of the principle of common but differentiated responsibilities. In this regard, many Parties suggested that MRV requirements should be different depending on whether they are applied in a developed country or a developing country. In the latter case, Parties exchanged views on whether MRV should pertain to the actions to be undertaken by Parties or to the results of those actions; and whether MRV requirements should be applied according to national procedures or under an international regime.

22. Some Parties suggested specific activities in this area, including to request Parties to submit information and the secretariat to prepare a paper on current reporting and review requirements both for Parties included in Annex I to the Convention and for Parties not included in Annex I to the Convention.

23. In their discussions on **paragraph 1 (b) (iii) of the Bali Action Plan**, Parties recalled the need to build on the work being undertaken by the Subsidiary Body for Scientific and Technological Advice on “reducing emissions from deforestation in developing countries: approaches to stimulate action”.<sup>2</sup> In particular, some Parties proposed a holistic approach to reducing emissions from deforestation and forest degradation, and to conservation and sustainable management of forests, and identified two issues – policies and incentives, and financial support and mechanisms – for further consideration.

24. In their initial consideration of the element of enhanced national/international action on mitigation of climate change, Parties further exchanged views on **paragraph 1 (b) (iv) of the Bali Action Plan**. It was stressed by some Parties that this element of the Bali Action Plan should be understood in the context of Article 4, paragraph 1(c), of the Convention. Moreover, some Parties were of the view that considerations of paragraph 1 (b) (iv) should not form the basis for proposals on sectoral mitigation commitments, international technology benchmarks or any other proposal not related to climate change, in particular on issues of competitiveness. Other Parties were of the view that Article 4, paragraph 1(c), of the Convention was being interpreted in a restrictive way in the discussion and argued that sectoral approaches could enable countries to take on ambitious emission reduction targets, while being complementary to national targets. It was also suggested that sectoral approaches could promote technology transfer, aid implementation of mitigation and enhance public–private cooperation.

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<sup>2</sup> Decision 2/CP.13, paragraph 7.

25. Some Parties were of the view that further work is required on this element of the Bali Action Plan and recommended analysis and discussion of different sectoral approaches. Other Parties opposed this view.
26. Furthermore, some Parties suggested a workshop on sectoral approaches in international aviation and maritime transportation.
27. Finally, on **paragraph 1 (b) (vi) of the Bali Action Plan**, a holistic approach to considerations of the consequences of response measures was proposed. In particular, some Parties suggested exploring the consequences and/or implications of response measures in some emerging areas. For that purpose, a workshop was suggested.

### C. Enhanced action on adaptation

28. The views exchanged by Parties on enhanced action on adaptation emphasized the importance of adaptation to climate change, and that political commitment to adaptation in the UNFCCC process needs to receive the same level of attention as that given to mitigation. In recognition of this urgency, Parties called for prompt actions on adaptation to be undertaken, in accordance with paragraph 1 of the Bali Action Plan.
29. Parties further expressed concern over what was described as the current fragmented approach to adaptation as well as the fragmentation of available funding both within and outside the UNFCCC process. In this regard, Parties stressed the need to ensure a structured work programme for the AWG-LCA on adaptation, which would not duplicate but build on work being undertaken under the UNFCCC process. An information paper on this matter was suggested.
30. Parties recalled that urgent and immediate needs of developing countries that are particularly vulnerable to adverse effects of climate change, especially the least developed countries (LDCs) and SIDS, and the needs of countries in Africa affected by floods, drought and desertification, should be taken into account, as provided for in the Bali Action Plan.
31. In relation to **paragraph 1 (c) (i) of the Bali Action Plan**, some Parties suggested that additional work is needed in order to prioritize action on adaptation to climate change to support developing countries. It was noted that much of this action could, in addition, provide co-benefits that contribute to sustainable development. For this purpose, Parties suggested a stocktaking exercise that would include: technical assessment of needs; costing of adaptation for the most vulnerable countries, including costs of inaction; and an assessment of ongoing and planned adaptation activities, which could help to identify requirements in finance and technology.
32. It was highlighted that LDCs have already identified their immediate needs and concerns in their national adaptation programmes of action (NAPAs). Given the perceived importance of the development of NAPAs, it was suggested that a NAPA-like process could be used by other developing countries to identify their adaptation needs. Moreover, Parties were of the view that the results of the Nairobi work programme on impacts, vulnerability and adaptation to climate change, as well as of the regional workshops implemented under decision 1/CP.10, would also contribute to adaptation assessment needs and implementation of related action.
33. Many Parties considered that sustainable development is the best form of adaptation to climate change, and that such adaptation should be integrated into planning at all levels – regional, national and local – and be considered in the context of poverty reduction, disaster risk reduction and sectoral planning.

34. During their discussion on these matters, Parties included their views on **paragraph 1 (d) and (e) of the Bali Action Plan**. Consequently, in the light of the likely financial and technological needs for adaptation, it was argued that current levels of funding, technology transfer and capacity-building are inadequate.
35. In particular, it was suggested that international action on finance is required to assist in the implementation of adaptation plans; specifically, to simplify and enhance access to existing funding opportunities and to scale up the level of financial support available for adaptation. Many Parties called for a coherent approach to financing adaptation programmes and streamlining current and future funding in order to enhance accessibility.
36. In addition, many Parties expressed the view that new and innovative funding will be required, possibly including the extension of the adaptation levy to all flexibility mechanisms under the Kyoto Protocol, as well as the creation of other financial instruments.
37. Parties suggested technical papers, calls for submissions and workshops on this element as possible activities for the work programme of the AWG-LCA. Some Parties indicated that they would welcome the views of the financing community, in particular on innovative financing mechanisms.
38. As a concrete proposal, some Parties suggested the establishment of an adaptation fund under the Convention, for which a technical paper and a call for Parties to submit their views were proposed. The negotiation of a protocol on adaptation was also suggested.
39. Regarding **paragraph 1 (c) (ii) and (iii) of the Bali Action Plan**, it was indicated that innovative insurance options are also required. In the context of the development of the work programme, Parties suggested including a workshop on insurance, risk management and risk reduction tools that promote resilience to climate change, and inviting the views of the financing community.

#### **D. Enhanced action on technology development and transfer to support action on mitigation and adaptation**

40. In their exchange of views on the fourth element of the Bali Action Plan (para. 1 (d)), Parties highlighted the importance of technology and finance, which underpin enhanced mitigation and adaptation action, and pointed out the current consideration of technology issues in the Convention process. In order to avoid duplication and to focus the work of the AWG-LCA, an immediate stocktake of relevant ongoing work under the Convention was suggested, including on: the review of the implementation of Article 4, paragraphs 5 and 1(c); the work of the Expert Group on Technology Transfer (EGTT) on developing a set of performance indicators for reviewing the effectiveness of development and transfer of technology; identification, assessment and analysis of financing resources and vehicles for development and transfer of technology; and the long-term strategy of the EGTT beyond 2012, including sectoral approaches.
41. The need to develop a shared vision on development and transfer of technologies was also discussed. Suggestions of what such a vision should incorporate included: participation of developing countries in technology research and development (R&D); rewards for Parties and businesses that transfer technologies; consideration of technological development in discussions on long-term goals; assessment of the effectiveness of existing technologies, their relationship to future greenhouse gas reduction commitments and the costs of technologies needed to achieve the emission reduction objectives; and consideration of the links between access to technology and finance on one hand and mitigation action on the other in developing countries.
42. In that regard, Parties expressed their view that the concepts of “measurable”, “reportable” and “verifiable”, in the context of paragraphs 1 (d) and 1 (b) (ii) of the Bali Action Plan, need to be clarified.

43. In relation to **paragraph 1 (d) (i) of the Bali Action Plan**, Parties exchanged views on the provision of financing, and incentives for scaling up the development and transfer of technology to developing countries, as well as obstacles to this. They discussed the link between these issues and those related to enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation, as contained in paragraph 1 (e) of the Bali Action Plan.

44. Many Parties expressed concern over the current level of funding for development and transfer of technologies and emphasized the importance of innovative funding mechanisms and incentives to reward and credit the development and transfer of technologies. Several Parties suggested creating a multilateral fund under the Convention with foreseeable and scalable contributions by developed countries and a transparent and inclusive governance structure. Others highlighted their positive experience with the Multilateral Fund for the Implementation of the Montreal Protocol or called for increased official development assistance, which was said to offer a predictable funding source for technology.

45. In addition, some Parties recalled the forthcoming report from the EGTT on identifying and analysing existing and potential new financial resources and relevant vehicles in supporting the development, deployment, diffusion and transfer of environmentally sound technologies in developing countries.<sup>3</sup> It was suggested that the AWG-LCA give consideration to this report and that a workshop be organized on innovative and sustainable funding.

46. Parties further exchanged views on **positive incentives**, including market incentives, for investment, technology transfer and capacity-building. A workshop on this topic was suggested.

47. In addition, Parties emphasized the role of the carbon market, market mechanisms, private sector initiatives and a predictable investment environment. The importance of existing instruments was also stressed, specifically the clean development mechanism, which, it was argued, needs to be improved to achieve its full potential in terms of transfer of technology.

48. Several Parties identified intellectual property rights (IPRs) as a barrier to technology transfer that needs further consideration. The following possible solutions, among others, were suggested: regulating the patent regime to balance rewarding technological innovation with access to a common public good; removing barriers to accessing technologies in the public domain; and increasing access to clean technologies by granting compulsory licences for these technologies. Other Parties identified the protection of IPRs as key to stimulating and rewarding technology innovation and promoting technology competition. It was also suggested that the Convention could catalyse action on lowering tariff and non-tariff barriers to the flow of climate-friendly technologies. Several Parties further suggested a call for views on this matter in order to develop common understanding on the role of IPRs.

49. Furthermore, and in relation to paragraph 1 (b) (ii) of the Bali Action Plan, Parties identified the need to clarify the **concept and scope of MRV** and recommended that the forthcoming work of the EGTT on technology transfer performance indicators serve as input to the work of the AWG-LCA.

50. As part of their consideration of **paragraph 1 (d) (ii) of the Bali Action Plan**, Parties exchanged views on the **diffusion of technologies**, including: establishment of common international standards on energy efficiency; packages of financial assistance for developing countries to phase out old and/or to introduce new technologies based on energy efficiency or performance standards; continuation and strengthening of information sharing and awareness-raising; and enhancement of national technology absorptive capacity.

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<sup>3</sup> FCCC/SBSTA/2008/INF.2.



51. With regard to **deployment of technologies**, suggestions for the focus of the AWG-LCA included to strengthen technical assistance and finance for implementing technology policies and measures to support prioritized technology needs; full packages of incentives for countries to develop and commit to relevant national strategies, plans and investment targets; and international cooperation on technology deployment schemes. Parties pointed out that this would require identification of and sharing of best practices in technology for relevant sectors.

52. Furthermore, some Parties proposed supporting demonstration of new technologies. Options discussed included international platforms for collaboration and implementation of technology road maps.

53. In addition, Parties stressed the important role of **capacity-building** in technology transfer, taking into account national circumstances.

54. In the context of action on **technology development and transfer**, Parties exchanged views on R&D (**para. 1 (d) (iii) of the Bali Action Plan**), including collaborative R&D between private sector companies, assessing the potential contribution of national systems of innovation, identifying options for North–South and South–South cooperation on technology R&D, and identifying mechanisms to support public–private partnerships.

55. Finally, several Parties suggested areas where further work is needed, such as: the role of governments in facilitating access to technologies owned by the private sectors; North–South, South–South and trilateral technology cooperation; endogenous technologies; how approaches can meet different needs and circumstances; what activities, mechanisms and tools exist for international technology cooperation; design of mechanisms and tools, including for sectors less responsive to market-based approaches; and addressing issues relating to economic competitiveness.

56. Some Parties recalled paragraphs 1 (b) (vii) and 1 (c) (v) of the Bali Action Plan and suggested that further progress in this element could be achieved by strengthening the **catalytic role of the Convention** in encouraging multilateral bodies, the public and private sectors and civil society, building on synergies among activities and processes, as a means to support mitigation and adaptation in a coherent and integrated manner.

#### **E. Enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation**

57. Several Parties considered that enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation (para. 1 (e) of the Bali Action Plan) is linked to the other aspects of paragraph 1 of the Bali Action Plan. As such, views on this subparagraph were exchanged during discussions of the other elements of the Bali Action Plan and have been included in the respective sections of this report.

58. However, specific views were exchanged on **paragraph 1 (e) (i)**. Some Parties expressed the need to identify sources to scale up and tools to leverage funding, and to examine the current work of multilateral agencies relevant to this context. Some Parties suggested the establishment of an adaptation fund under the Convention. Some Parties, too, expressed concern over an apparent inadequacy of the existing Adaptation Fund and the need to strengthen its governance. One Party proposed setting up a multinational climate change fund. Another Party proposed that a fund be funded through the contribution of 0.5 per cent of the gross domestic product of developed countries.

59. Several Parties recalled the paper prepared by the secretariat on investment and financial flows to address climate change<sup>4</sup> and proposed that it should be updated and analysed in a workshop. Others stressed that the paper lacks an analysis of existing conditions of access to the financial flows.

60. Regarding incentives for mitigation and adaptation actions (**para. 1 (e) (ii) and (iv) of the Bali Action Plan**), it was stressed that while market mechanisms are necessary to engage the private sector, positive incentives are needed to engage the public sector in developing adequate policies and measures.

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<sup>4</sup> <[http://unfccc.int/resource/docs/publications/financial\\_flows.pdf](http://unfccc.int/resource/docs/publications/financial_flows.pdf)>.