

## **Ad Hoc Working Group on Long-term Cooperative Action under the Convention**

**Fourteenth session, part four**

**Durban, 29 November 2011 – \***

Agenda item 3

**Preparation of a comprehensive and balanced outcome to be presented to the Conference of the Parties for adoption at its seventeenth session to enable the full, effective and sustained implementation of the Convention through long-term cooperative action now, up to and beyond 2012, pursuant to the results of the thirteenth and sixteenth sessions of the Conference of the Parties and recognizing that the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention includes both implementation tasks and issues that are still to be concluded**

Agenda item 4

**Review: further definition of its scope and development of its modalities**

Agenda item 5

**Continued discussion of legal options with the aim of completing an agreed outcome based on decision 1/CP.13, the work done at the sixteenth session of the Conference of the Parties and proposals made by Parties under Article 17 of the Convention**

Agenda item 6

**Other matters**

## **Amalgamation of draft texts in preparation of a comprehensive and balanced outcome to be presented to the Conference of the Parties for adoption at its seventeenth session**

### **Note by the Chair**

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\* The fourth part of the session will be held in conjunction with the seventeenth session of the Conference of the Parties. The Ad Hoc Working Group on Long-term Cooperative Action under the Convention will present the results of its work to the COP for consideration as per decision 1/CP.16, paragraph 143. The closing date of the session of the AWG-LCA will be determined in Durban.

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## Introduction

1. The Conference of the Parties (COP), at its thirteenth session, established the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) to conduct a comprehensive process to enable the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012.<sup>1</sup> At its sixteenth session, the COP decided to extend the AWG-LCA for one year in order for it to continue its work with a view to carrying out the undertakings contained in decision 1/CP.16 and present its results to the COP for consideration at its seventeenth session.<sup>2</sup>
2. Throughout the year, the AWG-LCA has been working on the preparation of a balanced and comprehensive outcome to be presented to the COP for adoption at its seventeenth session to enable the full, effective and sustained implementation of the Convention through long-term cooperative action now, up to and beyond 2012, pursuant to the results of the thirteenth and sixteenth sessions of the COP and recognizing that the work of the AWG-LCA includes both implementation tasks and issues that are still to be concluded.
3. This document intends to bring together the elements of the draft AWG-LCA outcome in the form of an amalgamation of the draft texts emerging from the work in the informal groups under the AWG-LCA contact group on items 3, 4, 5 and 6 of the agenda. It provides an overview aimed at enabling delegates to see where there are gaps or lack of balance and to find ways to address these accordingly.
4. The AWG-LCA has not completed its work. This document is therefore an intermediate product presenting work in progress, a Saturday snapshot of where we are at the end of this first week of COP 17. It is clear that more work to further focus and streamline the texts is necessary to be able to deliver the final outcome document to be presented to the COP by next week. Work will continue in the informal groups today and into the second week to improve on this early exercise.
5. The structure of the amalgamation is based on the structure of the agenda of the AWG-LCA at its fourteenth session and the work undertaken in the informal groups under the AWG-LCA contact group. Annexes of the draft texts resulting from the work of the groups are placed at the end of this document. The paragraph numbering has remained unchanged to facilitate continuation of the work in the informal groups. In addition, an addendum to this document<sup>3</sup> contains proposals from Parties that have not yet found their way into text from the informal groups.
6. Table 1 below presents an overview of the texts contained in this document as they came from the informal groups. (The titles of the chapters and sub-sections are abbreviated to make the overview table more readable.) Table 2 presents a list of annexes and addenda.

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<sup>1</sup> Decision 1/CP.13, paragraphs 1–2. At its fifteenth session, the COP decided to extend the mandate of the AWG-LCA to enable it to continue its work with a view to presenting the outcome of its work to the COP for adoption at its sixteenth session (decision 1/CP.15, para. 1).

<sup>2</sup> Decision 1/CP.16, paragraphs 143 and 144.

<sup>3</sup> CRP.37/Add.1.

Table 1  
List of chapters and page numbers

<i>Chapter / Section</i> <sup>4</sup>	<i>Number of pages</i>
Shared vision for long-term cooperative action	10
Mitigation by developed country Parties	
- Matters related to paragraphs 36-38 of the Cancun Agreements	1
- Biennial reports	2
- International assessment and review	2
Mitigation by developing country Parties	
- Matters related to paragraphs 48-51 of the Cancun Agreements	1
- Biennial update reports	3
- Registry	3
- International consultation and analysis	1
Mitigation REDD plus	1
Sectoral approaches and sector-specific actions	4
Various approaches	17
Economic and social consequences of response measures	1
Adaptation	7
Finance	
- Standing committee	1
- Long term finance	5
Technology	4
Capacity-building	1
Review	7
Legal options	1
Other Matters: Annex I EIT Parties	1
Other Matters: Annex I Parties whose special circumstances are recognized by the COP	1
<b>Total</b>	<b>73</b>

<sup>4</sup> Titles are abbreviated. Full titles and sub-titles are contained in the table of contents.

Table 2  
**List of annexes and addendum**

<i>Annex number</i>	<i>Title</i>
Annex I	Draft UNFCCC biennial reporting guidelines by developed country Parties
Annex II	Modalities and procedures for international assessment and review
Annex III	Guidelines for biennial update reports from Parties not included in Annex I to the Convention
Annex IV	Draft modalities and procedures for international consultation and analysis
Annex V	Activities for year one of the Adaptation Committee
Annex VI	Composition and working modalities of the Standing Committee
Annex VII	Indicative schedule of activities on sources of long-term finance
Annex VIII	Terms of reference of the Climate Technology Center and Network
Annex IX	Procedure for call for proposals and criteria to be used to evaluate and select the host of the Climate Technology Center and Network
Annex X	Activities and timeline for the first review
Addendum <sup>5</sup>	Agenda item 3.2.6. Economic and social consequences of response measures. Proposals by Parties

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<sup>5</sup> CRP.37/Add.1

## CHAPTER I

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

*[Category 1]*

1. Recalling its decision 1/CP.16 elaborating on a shared vision for long-term cooperative action, in particular the mandate contained in paragraph 5 and paragraph 6 with regard to the consideration of a global goal for substantially reducing global emissions by 2050 and a timeframe for a global peaking of greenhouse gas emissions,

*[Category 2]*

2. *Recalling* its decision 1/CP.13 (the Bali Action Plan),
3. *Affirms* that all Parties shall enhance their contribution to long-term cooperative action to combat climate change guided by a shared vision which is based on and is in fulfilment of the objectives, principles and provisions of the Convention and its Kyoto Protocol, in particular the common but differentiated responsibilities and respective capabilities, equity and historical responsibility,
4. *Acknowledging* that immediate action should be taken by all Parties and in particular by Parties included in Annex I to the Convention (Annex I Parties) to reduce their emissions in a way that will avoid further loss and damage from the adverse effects of climate change and limit the global average temperature increase to well below 1.5 °C above pre-industrial levels in a time frame that protects ecosystems, food production and sustainable development,
5. *Reaffirms* that Annex I Parties should take the lead in dealing with climate change, that scaled up overall mitigation efforts that allow for the achievement of desired stabilization levels are necessary, with Annex I Parties showing leadership by undertaking ambitious emission reductions in line with the latest scientific information and especially those of the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) and more recent studies, and providing adequate technology, capacity-building and financial resources to Parties not included in Annex I to the Convention (non-Annex I Parties), in accordance with the relevant provisions of the Convention, in particular its Article 4, paragraph 7,
6. *Recalling* Article 4, paragraph 10, of the Convention that recognizes the serious difficulties faced by some Parties in switching to alternatives to the use of fossil fuels,
7. *Recognizing* that Parties that are alternative energy disadvantaged, as a result of a lack of access to renewable sources of energy, face significant constraints in undertaking mitigation actions,

#### **Global goal for substantially reducing global greenhouse gas emissions by 2050**

8. *[The text could be structured in three groups: elements relevant for the global goal, 2°C and the numbers; the goal for developed countries and contribution by developing countries; and context elements]*

*[Group 1: global goal]*

9. In the context of the ultimate objective of the Convention under its Article 2 and of the Bali Action Plan (decision 1/CP.13), Parties share the vision for the achievement of a global goal to reduce global anthropogenic emissions of greenhouse gases based on equity,

common but differentiated responsibilities and respective capabilities and historical responsibility preceded by a paradigm on equitable access to sustainable development which will ensure adequate time for social and economic development for all developing countries.

10. *Affirms* that the long-term global goal for emission reductions shall be consistent with science, in particular those of the IPCC Fourth Assessment Report and more recent scientific information, and agreed on the basis of the principles of the Convention, in particular the principles of equity and common but differentiated responsibility and respective capabilities and fully take into account the historical responsibility of Annex I Parties;

11. *Reaffirms* that Parties should take urgent action with a view to reducing global emissions so as to hold the increase in global average temperature below 2 degrees Celsius above pre-industrial levels, consistent with science and on the basis of equity;

12. Parties [should collectively reduce][share the goal of achieving a reduction of] global greenhouse gas emissions by [at least ][50][85] per cent [from 1990 levels] by 2050 (to be updated based on the 2013–2015 review of the global goal);

13. Global greenhouse gas emissions should continue to decline thereafter;

14. Affirms that Parties shall plan their future emission reductions in accordance with the global greenhouse gas concentration goal and the global temperature goal. Coherence between long term and mid term commitments shall be assured;

*[Group 2: the goal for developed countries and contribution by developing countries]*

15. Developed countries as a group should reduce their greenhouse gas emissions [in the order of 30][by][at least][40][45][50] per cent from 1990 levels by 2020. In accordance with the findings of the IPCC AR4, developed countries as a group should reduce their GHG emissions by 25–40 per cent below 1990 levels by 2020. They should reduce their aggregated emission by [and by ][at least][80-][more than][95] per cent from 1990 levels by 2050 [as part of a global emissions reduction of at least 50 per cent by 2050 compared to 1990 levels], [to be updated based on the 2013–2015 review of the global goal];

16. Adoption at the Conference of the Parties at its seventeenth session and rapid and time-bound implementation thereafter of ambitious, robust, comparable short, mid- and long-term Annex I Parties quantified emission limitation and reduction objectives, including at least 40–50 per cent below 1990 levels by 2020 under the Kyoto Protocol and commitments by Parties which are not Parties to the Kyoto Protocol;

17. Reduce global greenhouse gas emissions more than 100 per cent by 2040 by Annex I Parties; sustained by short-term mitigation by Annex I Parties of more than 50 per cent by 2017; ensuring stabilization of the global temperature at a maximum of a 1 degree Celsius increase;

18. Decides that Annex I Parties, in accordance with their commitments to Article 4, paragraph 2, of the Convention, undertake ambitious national economy-wide binding targets for quantified emission reduction commitments of at least 50 per cent of their domestic greenhouse gas emissions during the period 2013 to 2017 and by more than 100 per cent before 2040, compared with their 1990 levels;

19. The ambitious quantified emission reductions commitments of Annex I Parties and a clear road map for their emission reductions, reducing by at least 40 per cent below 1990 levels by 2017, at least 45 per cent below 1990 levels by 2020 and at least 95 per cent below 1990 levels by 2050;

20. Parties included in Annex I to the Convention should take the lead, taking into account their historical responsibilities pursuant to such a paradigm on equitable access to sustainable development, including through adoption at the seventeenth session of the Conference of the Parties and rapid and time-bound implementation thereafter of ambitious, robust and comparable short-, mid- and long-term Annex-I quantifies emission limitation and reduction objectives;

21. *Requests* Annex I Parties to increase the ambition of their economy-wide emission reduction targets, with a view to fulfilling equitable and adequate commitments in relation to reducing their aggregate anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol;

22. *Requests* the Subsidiary Body for Implementation and Subsidiary Body for Scientific and Technological Advice to jointly undertake a process to examine the means of further increasing the level of ambition for Annex I Parties to ensure an equitable and adequate contribution by each of these Parties to the objective of the Convention, for consideration by Parties at the thirty-sixth session of the subsidiary bodies;

23. As a group, developing countries should achieve a substantial deviation below the currently predicted emissions growth rate in the order of 15 to 30 per cent by 2020 respecting the principle of common but differentiated responsibilities and respective capabilities, while acknowledging that such deviation is directly related to the level of support provided by developed countries;

*[Group 3: context elements]*

24. Aspects that may be considered in this context include:

- (a) Best available scientific knowledge;
- (b) The objective, principles and provisions of the Convention, and the Bali Action Plan;
- (c) Equity, common but differentiated responsibilities and respective capabilities, and sustainable development (equitable access to sustainable development which will ensure adequate time for social and economic development for all developing countries; low-carbon development strategy is indispensable to sustainable development);
- (d) Socio-economic conditions and adequate time for economic development for all developing countries;
- (e) The fact that all countries, especially developing countries, need access to the resources required to achieve sustainable social and economic development;
- (f) The carbon budget, in the context of equitable access to global atmospheric space;
- (g) The mitigation potential of “alternative energy disadvantaged” Parties which have serious difficulties in switching to alternatives to the use of fossil fuels (Article 4, paragraph 10, of the Convention);

*[Paragraph 23(h) could be moved to category 1: global goal]*

(h) Greenhouse gas concentrations in the atmosphere should stabilize [well] below [300][350][450] ppm CO<sub>2</sub>eq [and temperature increases limited to below 1.5 degrees Celsius above the pre-industrial level] (there is a scientific relationship among temperature, concentrations and emissions);

(i) The relationship with the global goals for finance, technology, adaptation, capacity-building and forestry (building blocks of Bali Action Plan);

(j) A long-term global goal for finance, consistent with Article 4, paragraph 7, of the Convention.

(k) Low-carbon development strategies;

(l) The historical climate debt;

(m) Social and economic development and poverty eradication are the first and overriding priorities of developing country Parties, the extent of developing country Parties' contributions to global emissions reductions shall be consistent with the principles and provisions of the Convention, as appropriate to their specific needs and circumstances and dependent on the extent to which finance, technology and capacity-building support by developed country Parties. The extent of adaptation support to developing countries is contingent on developed country mitigation ambition and provision of support for mitigation in developing countries as required under the Convention and reaffirmed in the Bali Action Plan, to enable developing countries to achieve sustainable development;

### **Time frame for global peaking of greenhouse gas emissions**

#### *[Group 1: global peaking]*

25. Parties should cooperate in achieving the peaking of global and national emissions and should engage stakeholders in this process;

26. As soon as possible but not later than 2020;

27. Agrees that all Parties should cooperate to reach the peak of global emissions as soon as possible, preferably by 2020, while recognizing that each Annex I Party should in accordance with their commitment under the Convention have already peaked, and that the timeframe for peaking will be longer for developing countries;

28. By [2013][2015][2017];

29. Greenhouse gas emissions should decline thereafter;

#### *[Group 2: peaking by developed countries and contribution by developing countries]*

30. Greenhouse gas emissions of developed countries as a group should peak by 2015;

31. Developed country Parties should peak without any delay [no later than 2012], recognizing that they should have peaked before 2000 according to the Convention;

32. Developed Country Parties must peak immediately, taking into account that they should have peaked in the decade of the 90s, in accordance with the provisions of Article 4, paragraph 2 of the Convention. Developing country Parties shall peak as soon as possible, while the peaking date shall be in function of national circumstances, taking into account the needs to eliminate poverty and the effective provision by Annex I Parties of finance, technology and capacity building;

#### *[Group 3: context elements]*

33. Aspects that [may][should] be considered in this context include:

(a) Best available scientific knowledge;

(b) Time frame for peaking will be much longer in developing countries;

(c) Implementation of commitments under Article 4 paragraph 1, 2, 3, 5 and 7 of the Convention;

(d) Non-Annex I peaking is dependant on the level of support provided by Annex I Parties;

- (e) Ensure sufficient time for and equitable access to sustainable development, and bearing in mind that social and economic development and poverty eradication are the first and overriding priorities of developing countries;
- (f) Common but differentiated responsibilities and respective capabilities;
- (g) Fair and equitable allocation of the atmospheric space, taking into account the criteria of historical climate debt and population;
- (h) Relevant provisions and principles of the Convention, including the mitigation potential of alternative energy disadvantaged Parties which have serious difficulties in switching to alternatives to the use of fossil fuels.

### **Equity**

34. *Decides* that a global goal for substantially reducing global emissions by 2050, referred to in decision 1/CP.16, paragraph 5, shall be achieved by Parties on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, equity shall be reflected by having a fair sharing and an equitable allocation framework wherein developed country Parties take the lead in undertaking deep binding emission reductions in the short-, mid- and long-terms that reflect their historical and current responsibility for global emissions and in providing finance, technology and capacity-building to developing countries, consistent with their commitments under the Convention. Developing country Parties' equitable contributions to the achievement of such a global goal shall take into account their specific needs and circumstances, ensure access to their sustainable development and improvements in living standards in the context of climate change, and be commensurate to the extent to which support for their mitigation and adaptation actions are provided by developed country Parties consistent with Article 4, paragraph 7, of the Convention.

### **Historical responsibility**

35. Acknowledging that the largest share of the historical global emissions of greenhouse gases originated in Annex I Parties and that, owing to this historical responsibility in terms of their contribution to the average global temperature increase, Annex I Parties must take the lead in combating climate change and the adverse effects thereof;

36. Also acknowledging that, according to the preamble of the Convention, social and economic development and poverty eradication are the first and overriding priorities of developing countries;

37. The work towards identifying a global goal for substantially reducing global greenhouse gas emissions as well as a time frame for global peaking of emissions must be based on historical responsibility as referred to above, bearing in mind the context of enhancing and achieving the full, effective and sustained implementation of the Convention;

38. Determines that this global goal shall be achieved by Parties on the basis of equity, with developed countries taking the lead, and allocating the remaining carbon budget up until 2050 according to the criteria of (population) per capita accumulative historical emissions and the climate emissions debt of Annex I Parties, and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, equity shall be assured by having a fair sharing and equitable allocation framework wherein developed country Parties commit to the retribution of their historical climate debt, by returning over-consumed atmospheric space to developing countries, and by providing finance, technology and capacity building to developing countries in order to assist them in

undertaking relevant actions to adapt to and mitigate climate change, while assuring developing countries the right to sustainable development and elimination of poverty.

#### **Establishment of global goals for finance**

39. Developed country Parties shall provide developing country Parties with new and additional finance, inter alia through a percentage of the gross domestic product of developed country Parties, for technology, insurance and capacity-building in order to enable and implement adaptation actions, plans, programmes and projects at all levels, in and across different economic and social sectors and ecosystems;

40. *Affirms* that the long-term global goal for emission reductions is directly dependent on fulfilment by developed country Parties of their commitments to provide adequate and quantified support in relation to finance, technology and capacity-building;

41. *Reaffirms* that the extent of participation by non-Annex I Parties in the global effort to deal with climate change is directly dependant on the level of support provided by developed country Parties, and that these elements together ensure the possibility of reaching at global emissions to peak and decline, in order to achieve the ultimate objective of the Convention;

42. *Agrees* that predictable and sustained, adequate, new and additional public financing from Parties included in Annex II to the Convention (Annex II Parties) shall be provided to non-Annex I Parties;

43. *Acknowledges* that the scale of financial flows to non-Annex I Parties shall be based on the assessments of the their needs to deal with climate change,

44. *Agrees* that the adequate and predictable scale of financial commitments by Annex II Parties for long-term finance to be provided to non-Annex I Parties, will be based and periodically reviewed according to the needs of non-Annex I Parties, including the review to be conducted from 2013 to 2015;

45. *Requests* the Subsidiary Body for Implementation and Standing Committee to expand and annually update the information on investment and financial flows contained in secretariat paper;

46. *Invites* developed country Parties to submit information on plans to increase their financial contributions, as fulfilment of their commitments under the Convention, and *further invites* developing country Parties to submit information on the costs of adaptation and mitigation actions in their countries;

47. The provision of the amount of funds to be made available annually to developing country Parties, which shall be equivalent to the budget that developed countries spend on defence, security, and warfare. Fifty per cent of that amount shall be for adaptation, 20 per cent for mitigation, 15 per cent for technology development and transfer and 15 per cent for forest-related actions in developing country Parties;

#### **Establishment of global goals for technology**

48. Action shall be accelerated, consistent with the principles of the Convention, at different stages of the technology cycle, including research and development, demonstration, deployment, diffusion and transfer of technology in support of action on mitigation and adaptation.

49. In order to achieve the ultimate objective of the Convention, all Parties should cooperate, consistent with the principles of the Convention, through effective mechanisms, enhanced means, and appropriate enabling environments, and ensure the provision of technological support to developing country Parties to enable action on mitigation and

adaptation, including identification and removal of all barriers that prevent effective technology development and transfer to developing country Parties.

#### **Establishment of global goals for adaptation**

50. Adaptation must be addressed with the same priority as mitigation, and requires the establishment of institutional arrangements to enhance adaptation action and address adaptation needs in developing countries, including an Adaptation Framework for Implementation, an Adaptation Committee and an International Mechanism to Address Loss and Damage.

#### **Establishment of global goals for capacity-building**

51. Capacity-building is a prerequisite for, and essential in, enabling developing country Parties to participate fully in, and to implement effectively their commitments, under the Convention. The goal is to enhance the capacity of developing countries in all areas. A body accountable to the Conference of the Parties should be established to oversee, monitor and ensure overall implementation of capacity-building activities consistent with the provisions of the Convention.

#### **Trade**

52. Recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 2, 4 and 5, and Article 4, paragraphs 3, 5 and 7, and taking into account the principles of equity, common but differentiated responsibilities and the obligations of developed country Parties to provide financial resources, transfer technology and capacity-building support to developing country Parties,

53. Developed country Parties shall not resort to any form of unilateral measures, including tariff, non-tariff, and other fiscal and non-fiscal border trade measures, against goods and services from developing country Parties on any grounds related to climate change, including protection and stabilization of the climate, emissions leakage and/or the cost of environment compliance.

54. *Acknowledging* that an open barrier-free rules-based trading system is a crucial component of the supportive and open international economic system,

55. *Further acknowledging* that the liberalization of trade in goods and services necessary for climate change mitigation and adaptation is essential to address climate change,

56. *Recognizing* that the World Trade Organization is the competent body for multilateral trade rule-making, and that Parties, which are members of the World Trade Organization, have the responsibility to respect their World Trade Organization obligations when they adopt measures to address climate change,

57. *Decides* that Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them to better address the problems of climate change. 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 trade,

58. *Reaffirming* paragraph 90 of decision 1.CP/16, paragraph 90,

**Response measures**

59. *Affirming* the importance of the objective of the Convention, and the relevant principles and provisions of the Convention related to economic and social consequences of response measures, in particular its Articles 2, 3, and 4,

60. *Reaffirming* the importance of the objective of the Convention, and the relevant principles and provisions of the Convention related to the economic and social consequences of response measures, in particular its Articles 2, 3 and 4,

61. *Recognizing* that the implementation of response measures to mitigate climate change taken by a Party may result in negative economic and social consequences for other Parties, and the need to take into consideration in the implementation of the commitments of the Convention the situation of Parties, particularly developing country Parties, with economies that are vulnerable to the adverse impact of the implementation of measures to respond to climate change, referred to in Article 4, paragraphs 8, 9 and 10, of the Convention,

62. *Reaffirming* that responses to climate change should be coordinated with social and economic development in an integrated manner, with a view to avoiding adverse impacts on the latter, taking fully into account the legitimate priority needs of developing country Parties for the achievement of sustained economic growth and the eradication of poverty, and the consequences for vulnerable groups, in particular women and children,

63. *Recognizing* the importance of avoiding or minimizing the negative impacts of response measures on social and economic sectors, promoting a just transition of the workforce, the creation of decent work and quality jobs in accordance with nationality defined development priorities and strategies, contributing to building new capacity for both production and service-related jobs in all sectors, and promoting economic growth and sustainable development,

64. Developed country Parties shall implement their commitments in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention,

65. Parties should recognize that the specific needs and special circumstances of developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration;

**Intellectual property issues in relation to technology**

66. Consistent with the principles of the Convention and to enable meaningful mitigation and adaptation actions in developing countries, the flexibilities of the international regime of intellectual property as articulated by the Agreement on Trade-Related Aspects of Intellectual Property Rights may be used to the fullest extent by developing country Parties to address adaptation or mitigation of climate change, in order to enable them to create a sound and viable technological base; accordingly, consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights, each Party retains its right to grant compulsory licences and the freedom to determine the grounds upon which such licences are granted; specific and urgent measures shall be taken by developed country Parties to enhance the development and transfer of technologies at different stages of the technology cycle covered by intellectual property rights to developing country Parties.

67. The removal of all obstacles, including intellectual property rights and patents on climate-related technologies to ensure the transfer of technology to developing countries.

**Low-carbon and climate-resilient society**

68. Parties should consider defining a framework for achieving a paradigm shift towards building a low-carbon society, which ensures continued high growth and sustainable development. A wider vision of sustainable low-carbon and climate-resilient development for all countries, respecting the principle of common but differentiated responsibilities and respective capabilities is needed. In a manner that is non-intrusive, non-punitive and respectful of national sovereignty, Parties should establish adequate national institutional arrangements that would create a formal process to formulate a shift towards a low-carbon and climate-resilient development strategies.

**Human rights**

69. Climate change related actions should fully respect human rights;

70. The adverse effects of climate change have a range of direct and indirect implications for the effective enjoyment of human rights; climate change related actions can have implications on human rights and the effects of climate change will be felt most acutely by those segments of the population that are already vulnerable owing to geography, gender, age, indigenous or minority status, or disability;

71. Indigenous people – ensuring the full respect of human rights, including the inherent rights of indigenous people (A broad range of stakeholders – engagement, including of indigenous people, is necessary for effective action on all aspects of climate change;

72. Migrants – ensuring the full respect of human rights, including the inherent rights of migrants;

73. The full respect of human rights, including the inherent rights of women, children, migrants and indigenous peoples established in the United Nations Declaration on the Rights of Indigenous Peoples;

**Rights of mother earth**

74. Ensure respect for the intrinsic laws of nature.

75. The recognition and defence of the rights of Mother Earth to ensure harmony between humanity and nature, and that there will be no commodification of the functions of nature, therefore no carbon market will be developed with that purpose.

76. The assurance that in all actions related to forest land, the integrity and multifunctionality of the ecological systems shall be preserved and no offsetting or market mechanisms shall be applied or developed.

**Right to survive**

77. The rights of some Parties to survive are threatened by the adverse impacts of climate change, including sea level rise.

**An international climate court of justice**

78. Rules that draw on experience with existing relevant bodies should be agreed;

79. *Requests* the Conference of the Parties to develop, by its eighteenth session, an International Climate Court of Justice in order to guarantee the compliance of Annex I Parties with all the provisions of this decision, which are essential elements in the obtaining of the global goal;

**Warfare**

80. Stopping wars, defending lives and ceasing destructive activities will protect the climate system; conflict-related activities emit significant greenhouse gas emissions to the atmosphere.

81. *The guarantee* that all Parties shall cease destructive activities that contribute to climate change, in particular the activities of warfare, production of materials and services that support warfare, and to divert associated financial resources and investments into the shared global effort to combat a common enemy: climate change.

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## Chapter II

### Enhanced action on mitigation

#### A. Nationally appropriate mitigation commitments or actions by developed country Parties

##### Matters relating to paragraphs 36–38 of the Cancun Agreements

1. *Recalling* decision 1/CP.16, which recognizes that climate change represents an urgent and potentially irreversible threat to human societies and the planet, and thus requires to be urgently addressed by all Parties;
2. *Recognizing* that deep cuts in global greenhouse gas emissions are required according to science, and as documented in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, with a view to reducing global greenhouse gas emissions so as to hold the increase in global average temperature below 2 ° C above preindustrial levels, and that Parties should take urgent action to meet this long - term goal, consistent with science and on the basis of equity; also recognizes the need to consider, in the context of the first review , as referred to in paragraph 138 of decision 1/CP.16, strengthening the long - term global goal on the basis of the best available scientific knowledge, including in relation to a global average temperature rise of 1.5 °C;
3. *Reaffirming* that scaled - up overall mitigation efforts that allow for the achievement of desired stabilization levels are necessary, with developed country Parties showing leadership by undertaking ambitious emission reductions and providing technology, capacity - building and financial support to developing country Parties, in accordance with the relevant provisions of the Convention;
4. *Acknowledging* that there is a gap between the aggregate level of reduction in emissions of greenhouse gases to be achieved through economy-wide emission reduction targets of developed country Parties and the range indicated in the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC);
5. *Urges* developed country Parties to increase the ambition of their economy-wide emission reduction targets, with a view to reducing their aggregate anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol to a level consistent with the IPCC AR4;
6. *Reaffirms* the commitment of developed country Parties to implement individually or jointly the quantified economy-wide emissions targets for 2020 and demonstration of the progress to that end;
7. *Decides* to launch work on exploring relevant options to increase the level of ambition and recognize the need to take additional steps;
8. *Recognizes* that further information on developed country Parties' quantified economy-wide emission reduction targets and associated emission reductions will build trust and confidence amongst Parties;
9. *Decides* to continue in 2012 the process of clarifying the developed country Parties' quantified economy-wide emission reduction targets contained in document FCCC/SB/2010/INF.1/REV.1, with the objective to pursue further dialogue on assumptions

and conditions related to individual targets, in particular in relation to base year, use of LULUCF, use of carbon credits from the market-based mechanisms, GWP values, coverage of gases, coverage of sectors, expected emission reductions, emission projections and associated assumptions and conditions related to the ambition of the pledges through:

- Submission of relevant information, using a template, to the secretariat by 5 March to be compiled into a MISC document,
- In-session workshops,
- Update of document FCCC/TP/2011/1;

10. *Requests* the secretariat to update the document FCCC/SB/2010/INF.1/REV.1 to include new and additional information relating to quantified economy-wide emissions targets submitted by developed country Parties;

11. *Also requests* the secretariat to organize the workshop referred to in paragraph 9 above in conjunction with the thirty-sixth session of the Subsidiary Bodies and prepare a written workshop report in a structured manner;

12. *Further requests* the secretariat to prepare the technical paper referred to in paragraph 9 above compiling all the information contained in Parties' submissions in a structured manner;

13. *Acknowledges* the need for a common system for establishing ex-ante the basis for measuring progress towards the economy-wide emission reduction targets, with a view to enhance transparency and comparability of such targets;

14. *Decides* to launch a work programme to establish such a system as a basis for measuring progress towards meeting the economy-wide emission reduction targets and address the different elements that must be included in this basis, while respecting the different national circumstances and capabilities;

15. *Further decides*, based on the outcome of the work-programme in paragraph 14 above, to initiate a process to define the economy-wide emission reduction targets in terms of tonnes CO<sub>2</sub> equivalents;

16. *Requests* developed countries to share experiences on the development of low-carbon development strategies and plans during the in-session workshops referred to in paragraph 6 above.

## **Biennial reporting guidelines for developed country Parties**

### **Possible elements of a draft decision for adoption of the UNFCCC biennial reporting guidelines for developed country Parties**

*The Conference of the Parties,*

*Recalling* the relevant provisions of the Convention, in particular Articles 4, 5, 7, 10 and 12,

*Recalling* also its decisions 9/CP.2, 11/CP.4 and 4/CP.5 on national communications from Parties included in Annex I to the Convention (Annex I Parties),

*Recalling* further the parts of its decision 1/CP.16 on enhancing reporting in national communications of Annex I Parties, building on existing reporting guidelines, processes and

experiences, and on reporting on progress in achieving emissions reductions and the provision of financial, technology, and capacity-building support to developing country Parties,

*Recalling* further its decision 1/CP.13 to ensure comparability of mitigation efforts among all developed country Parties in a measurable, reportable and verifiable manner, and to promote the provision of financial, technology and capacity-building support by developed country Parties to developing country Parties in a measurable, reportable and verifiable manner,

*Recognizing* that Parties had initiated a process of a revision of guidelines on the reporting of national communications, including biennial reporting by developed country Parties, with a view to improving the transparency, consistency, comparability, completeness and accuracy of the information reported,

*Recognizing* also that Annex I Parties will continue to report greenhouse gas emission inventories annually using the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: Revised UNFCCC reporting guidelines on annual greenhouse gas inventories” (UNFCCC Annex I reporting guidelines) adopted by the Conference of the Parties in accordance with decision XX/CP.17,

*Noting* that delay in, or the absence of, submissions from some Parties will hinder the assessment of implementation,

*Noting* further that the biennial reports by developed country Parties will be an important input to the review of the long-term global goal, set by decision 1/CP.16, starting in 2013 and to be concluded by 2015,

*Emphasizing* that information submitted by Annex I Parties under Article 12 of the Convention is the main source of information for reviewing the implementation of the Convention by these Parties,

1. *Adopts* the guidelines contained in the annex to this decision on the preparation of biennial reports by developed country Parties (the UNFCCC biennial reporting guidelines for developed country Parties);
2. *Decides* that developed country Parties shall use the UNFCCC biennial reporting guidelines for developed country Parties for the preparation of their first biennial reports, taking into account their national circumstances; and submit their first biennial reports to the secretariat by [30 April 2013] [1 January 2014], and their second and subsequent biennial reports two years after the due date of a full national communication (i.e. in 2016, 2020);
3. *Decides* also that the biennial reports of developed country Parties shall update the relevant sections of the most recent full national communication submissions (i.e. Sections II, III, IV, V and VI), as outlined in the UNFCCC biennial reporting guidelines for developed country Parties; and that in the years when a full national communication is due the biennial reports will be integrated into the full national communications;
4. *Decides* further that Annex I Parties shall submit a full national communication every four years, noting that the next due date after adoption of this decision is 1 January 2014 according to decision 9/CP.16;
5. *Decides* also to revise the UNFCCC biennial reporting guidelines for developed country Parties after submission of their first biennial reports and based on the experience gained;
6. *Decides* further to revise the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC

reporting guidelines on national communications” (the UNFCCC reporting guidelines on national communications) (annex to decision 4/CP.5) with the view to integrate the UNFCCC biennial reporting guidelines for developed country Parties and ensure consistency in reporting;

7. *Requests* the Subsidiary Body for Implementation to begin consideration at its thirty-ninth session of the revision of the UNFCCC biennial reporting guidelines and the UNFCCC reporting guidelines on national communications, taking into consideration the principles of transparency, consistency, comparability, completeness and accuracy of the reported national greenhouse gas inventories, experience with the first biennial reports and other information, including, as appropriate, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, with a view to adopt them by the Conference of the Parties at its [eighteenth session] [twentieth session];

8. *Decides* to establish a work programme on development of an electronic common reporting format for reporting information according to the UNFCCC biennial reporting guidelines for developed country Parties using as a basis the draft tables included in the annex to the guidelines referred to in paragraph 1 above, with the view to adopt them by Conference of the Parties at its eighteenth session;

9. [*Requests* the secretariat to prepare a technical paper on the experience of reporting of the first biennial reports by developed country Parties based on submissions of views by Parties made by 1 March 2020, with the aim of facilitating consideration by the Subsidiary Body for Implementation at its thirty-ninth session of the matters referred to in paragraph 7 above;]

10. [*Requests* also the secretariat to prepare a compilation and synthesis report on information reported by developed country Parties in the biennial reports referred to in paragraph 2 above, for consideration by the Conference of the Parties at its twentieth session;]

11. *Encourages* Parties included in Annex II to the Convention to assist Annex I Parties with economies in transition, as necessary, through appropriate bilateral or multilateral channels, with technical aspects of the preparation of their biennial reports.

## **Modalities and procedures for international assessment and review**

### **Possible elements of a draft decision for the adoption of modalities and procedures for international assessment and review**

*The Conference of the Parties,*

*Recalling* decisions 2/CP.1, 9/CP.2, 6/CP.3, 33/CP.7, 6/CP.5, 19/CP.8, 12/CP.9 and 18/CP.10,

Also *Recalling* decision 1/CP.16, establishing a process for the international assessment and review, of emissions and removals related to developed country Parties’ quantified economy-wide emission reduction targets under the Subsidiary Body for Implementation, taking into account national circumstances, in a rigorous, robust and transparent manner, with a view to promoting comparability and building confidence,

*Responding* to the work programme launched by decision 1/CP.16 to develop modalities and procedures for the international assessment and review process (IAR), building on existing review guidelines, processes and experiences,

*Affirming* that the IAR shall be guided by the principles and provisions of the Convention and shall be transparent, accountable, and equitable;

*Further affirming* that the IAR process is integral to ensuring comparability of efforts among Annex I Parties and shall complement the process under the Kyoto Protocol of assessment of Annex I Parties that are party to the Kyoto Protocol;

*Acknowledging* that the objective of IAR shall be to assess progress in achieving QELRCs;

*[Agreeing* that the IAR will hold Parties accountable in a process of multilateral assessment and that the assessment shall lead to consequences which may include increasing the level of ambition; ]

*Further agreeing* that the IAR of mitigation commitments by Annex I Parties will be more rigorous than international consultation and analysis for non-Annex I Parties' actions;

*Recognizing* that greater transparency will generate confidence among Parties as to the extent and nature of mitigation action being undertaken and the comparability by developed country Parties, and create conditions for [the further enhancement of mitigation ambition] [the increase in the level of ambition] among developed country Parties;

*Recognizing* that the IAR process should be conducted in a facilitative and cooperative manner to increase confidence of the Parties to the process and encourage them to provide further information on their mitigation actions and provision of support;

*Noting* that the biennial reports of developed country Parties and the summary reports resulting from the international assessment and review process will be an input to the first periodic review of the adequacy of the long-term global goal in accordance with decision 1/CP.16, starting in 2013 and to be concluded by 2015, and in subsequent periodic reviews,

*Recognizing* the need to have an efficient, cost-effective and practical international assessment and review process which does not impose an excessive burden on Parties and on the secretariat,

*Recognizing* the need for an [iterative][stepwise] approach for the development of guidelines of modalities and procedures for IAR in order to take into account decisions and guidelines on the common accounting system and the comprehensive compliance mechanism under the Convention, which builds upon and enhances the compliance procedures under the Kyoto Protocol,

1. *Decides* that the IAR process will be conducted through a technical review and assessment of information, followed by a multilateral review of implementation of commitments;
2. *Adopts* the modalities and procedures for international assessment and review as contained in the annex to this decision;
3. *Agrees* that the first round of international assessment and review should commence following the submission of the first round of biennial reports by developed country Parties, no later than [1 May 2013] [1 January 2014], and should be conducted in accordance with the modalities and procedures referred to in paragraph 1 above;
4. *Decides* to revise the modalities and procedures prescribed herein based on experiences gained in the first round of international assessment and review, no later than 2015;
5. *Further decides* that the IAR process will be conducted annually for the annual inventory submissions being conducted annually, and every two years for the biennial

reports, whether alone or concurrently with a national communication for each developed country Party;

6. *Requests* the secretariat to enhance coordination between different review processes in such a way as ensure effective and efficient processes and procedures;

7. *Decides* to establish a work programme with a view to concluding the revision of guidelines for the review of national communication, including national inventory review to be concluded at COP 18.

## **B. Nationally appropriate mitigation actions by developing country Parties**

### **Matters relating to paragraphs 48-51 of the Cancun Agreements**

1. *Recalling* decision 1/CP.16, which recognizes that climate change represents an urgent and potentially irreversible threat to human societies and the planet, and thus requires to be urgently addressed by all Parties;

2. *Recognizing* that deep cuts in global greenhouse gas emissions are required according to science, and as documented in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change, with a view to reducing global greenhouse gas emissions so as to hold the increase in global average temperature below 2 °C above preindustrial levels, and that Parties should take urgent action to meet this long-term goal, consistent with science and on the basis of equity; also recognizes the need to consider, in the context of the first review, as referred to in paragraph 138 of decision 1/CP.16, strengthening the long-term global goal on the basis of the best available scientific knowledge, including in relation to a global average temperature rise of 1.5°C;

3. *Reaffirming* that scaled-up overall mitigation efforts that allow for the achievement of desired stabilization levels are necessary, with developed country Parties showing leadership by undertaking ambitious emission reductions;

4. *Also reaffirming* that developed country Parties shall provide enhanced financial, technology and capacity-building support to developing country Parties, in accordance with the relevant provisions of the Convention;

5. *Recognizing* that developing country Parties are already contributing and will continue to contribute to a global mitigation effort and could enhance their mitigation actions, depending on provision of finance, technology and capacity-building support by developed country Parties,

6. *Reaffirming* that social and economic development and poverty eradications are first and overriding priorities of developing country Parties, and that the share of global emissions originating in developing countries will grow to meet their social and development needs,

7. *Reaffirming* that developing country Parties will undertake nationally appropriate mitigation actions, as communicated by them and contained in the document FCCC/AWGLCA/2011/INF.1, in the context of sustainable development, supported and enabled by technology, financing and capacity-building, aimed at achieving a deviation in emissions relative to 'business as usual' emissions in 2020,

8. *Recognizing* that the understanding of the diversity of mitigation actions submitted by developing country Parties, their underlying assumptions and methodologies, builds confidence and trust amongst Parties,
9. *Requests* the secretariat to update the document FCCC/AWGLCA/2011/INF.1 to include new and additional information about nationally appropriate mitigation actions submitted by developing country Parties;
10. *Decides* to continue in 2012 the process of understanding the diversity of mitigation actions as communicated and contained in FCCC/AWGLCA/2011/INF.1, underlying assumptions and any support needed for the implementation of these actions, noting different national circumstances and the respective capabilities of developing country Parties, in the form of organizing structured workshops and preparing a technical paper;
11. *Invites* developing country Parties, with a view providing input to the process referred to in paragraph 10 above, to submit information relating to the character of the nationally appropriate mitigation actions, including underlying assumptions and methodologies, sectors and gases covered, GWP values used, support needs for implementation of nationally appropriate mitigation actions and estimated mitigation outcomes, if available. The information, to be compiled into miscellaneous document, shall be submitted to the secretariat by 5 March 2011;
12. *Requests* the secretariat to organize the workshops referred to in paragraph 10 above in conjunction with the thirty-sixth session of the Subsidiary Bodies and prepare written workshop report in a structured manner;
13. *Also requests* the secretariat to prepare the technical paper referred to in paragraph 10 above compiling all the information contained in Parties' submissions in a structured manner;
14. *Recognizing* that transparency of mitigation efforts is facilitated through common ways of measuring effects of mitigation actions on emissions reduction that take into consideration sufficient flexibility to promote participation and take account of national circumstances and respective capabilities;
15. *Decides* to explore possible elements and approaches for common ways of measuring effects of mitigation actions on emissions reductions that contribute to the environmental integrity, and transparency of nationally appropriate mitigation actions;
16. *Encourages* developing country Parties to develop low-carbon development strategies or plans in the context of sustainable development.

## **Guidelines for biennial update reports from Parties not included in Annex I to the Convention**

### **Possible elements of draft decision for adoption of guidelines for biennial update reports from Parties not included in Annex I to the Convention**

*Recalling*, the relevant provisions of the United Nations Framework Convention on Climate Change, in particular, Article 4, paragraphs 1, 3 and 7, Article 5, Article 7, paragraph 2 (a), (b), (d) and (e), Article 9, paragraph 2 (b), Article 10, paragraph 2 (a), (b) and (c) and Article 12, paragraphs 1, 5, 6 and 7, of the Convention,

*Recalling* its decisions on national communications from Parties not included in Annex I to the Convention (non-Annex I Parties), in particular its decisions 10/CP.2, 2/CP.4, 12/CP.4, 8/CP.5, 31/CP.7, 32/CP.7, 17/CP.8 and 8/CP.11,

*Recalling* further that, by its decision 1/CP.16<sup>2</sup>, the COP initiated a process of enhancing the reporting in national communications from non-Annex I Parties, on mitigation actions and their effects, and support received, with additional flexibility to be given to the least developed country Parties (LDCs) and Small Island Developing States (SIDS),

*Recalling also that* the COP through its decision 1/CP.16<sup>3</sup> decided that developing country Parties, consistent with their capabilities and the level of support provided for reporting, shall submit biennial update reports containing updates of national greenhouse gas inventories, including a national inventory report and information on mitigation actions, needs and support received,

*Recognizing* the difficulties faced by non-Annex I Parties in reporting under the Convention and the need to reflect national capabilities and circumstances, build capacity and provide financial support in a timely manner to non-Annex I Parties to facilitate the timely preparation of biennial update reports,

*Recognizing* that biennial update reports are updates of more detailed information contained in national communications and will focus on areas where material changes have taken place,

*[Recognizing* further that enhanced reporting, including biennial update reports from non-Annex I Parties will provide an important input the first review of the adequacy of the long-term global goal, starting in 2013 and to be concluded by 2015,]

*Urging* Annex II Parties and other developed country Parties in position to do so to provide support for the preparation of biennial update reports;

*Recognizing* the important role that the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention could also play in facilitating technical advice and support for the preparation and submission of the first biennial update report,

*Recognizing* that, by its decision 1/CP.16, it had initiated a work programme for developing the guidelines for the preparation of biennial update reports from non-Annex I Parties,

1. *Adopts* the guidelines, contained in the annex to this decision, for the preparation of biennial update reports by non-Annex I Parties, (hereafter referred to as the ‘the Guidelines’);
2. *Affirms* that the guidelines for biennial update reports shall respect the diversity of mitigation actions and provide maximum flexibility for non-Annex I Parties to report information, while providing a common understanding of actions taken;
3. *Decides* that:
  - (a) In using the Guidelines, non-Annex I Parties should take into account their development priorities, objectives and national circumstances;
  - (b) The Guidelines should be used to provide guidance to an operating entity of the financial mechanism for funding the preparation of biennial update reports from

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<sup>2</sup> Decision 1/CP.16, paragraph 60.

<sup>3</sup> Decision 1/CP.16, paragraph 60 (c).

non-Annex I Parties and in the case of the first biennial update report to the Global Environment Facility;

(c) Enhanced support for the preparation of biennial update reports should be ensured by developed country Parties by means of new and additional resources, under article 4.3 of the Convention.

(d) [Non-Annex I Parties shall submit a report biennially either as a component of their national communication or as a stand-alone report. Least Developed Countries (LDCs) and Small Island Developing States (SIDS) may submit biennial update reports at their discretion;]

(e) [Non-Annex I Parties, consistent with their capabilities and the level of support received, should submit their first biennial update report by [30 June] [November] 2014 or 18 months after the release of funds by the designated financial mechanism of the convention;]

[2 (e) *alt* Non-Annex I Parties should submit either their first biennial reports or their initial or next national communication by 01 January 2014. The content of the biennial report as described in these guidelines shall be integrated into the national communication;]

(f) The submissions of second and subsequent biennial update reports by non-Annex I Parties shall be determined by the Conference of the Parties at its twentieth session, taking into account the differentiated timetables set by the Convention;

(g) The first biennial update report submitted by non Annex I Parties shall cover, at a minimum, the calendar year 2010 emissions or the base year of their pledges, and additionally more recent years as appropriate, and that the next biennial update reports shall cover a calendar year that does not precede the submission date by more than 3 years;

(h) As outlined in the Guidelines, the biennial update report from each non-Annex I Party shall update and enhance the information contained in the sections of its most recent full national communication submission, and that the greenhouse gas inventory information contained in the biennial [update] report will be for the year [N-3], where N denotes the year of submission;

(i) From 2015 onwards developing country Parties shall use 100 year GWPs contained in AR4 and in the interim use either AR2 or AR4 GWPs.

(j) [The Guidelines shall be reviewed, and revised guidelines adopted by 2016, taking into consideration experience with the first round of biennial update reports and the ICA processes;]

4. *Requests* the secretariat to facilitate assistance to non-Annex I Parties in the preparation of their biennial update reports, in accordance with Article 8, paragraph 2 (c), of the Convention, and to prepare reports thereon for consideration by the Subsidiary Body for Implementation;

5. *Requests* the Global Environment Facility to make available support to non-Annex I Parties preparing their first biennial update reports, as early as possible in 2012 and on the basis of full agreed cost funding.

## Registry

*Recalling* its decision 1/CP.16<sup>4</sup> by which the Conference of the Parties decided to set up a registry to record nationally appropriate mitigation actions seeking international support and to facilitate matching of finance, technology and capacity-building support for these actions,

*Also recalling* also the same decision<sup>5</sup> by which the Conference of the Parties decided to recognize nationally appropriate mitigation actions of developing countries in a separate section of the registry,

*Recognizing* the need for support for the implementation of nationally appropriate mitigation actions;

1. Decides that:

- (a) The registry shall be developed as a dynamic, web-based platform;

*Option to paragraph 1(a) above:*

Given the matching of support function, the registry should be part of the Financial Mechanism of the Convention and should operate under the Standing Committee on Finance.

(b) Participation in the registry, including the submission of information, shall be voluntary and will depend on availability of information;

(c) The registry shall be structured in a manner that enables the full range of diversity of nationally appropriate mitigation actions to be reflected;

(d) The information on support submitted to the registry shall be organized and presented to create an easily accessible resource;

(e) Only nationally appropriate mitigation actions submitted by Parties not included in Annex I to the Convention expressly for the purpose of inclusion in the registry shall be so included by the secretariat;

(f) The information contained in document FCCC/AWGLCA/2011/INF.1 shall be updated when new aggregate nationally appropriate mitigation actions have been submitted by developing country Parties pursuant to paragraph 50 of the Cancun Agreements, separately from the registry.

### A. Recording of nationally appropriate mitigation actions

2. *Requests* the secretariat, pursuant to decision 1/CP.16, paragraph 56, to record and regularly update in the registry information provided by the Parties on:

- (a) Individual nationally appropriate mitigation actions seeking international support;
- (b) Support available from developed country Parties for these actions;
- (c) Support provided for individual nationally appropriate mitigation actions.

3. *Also requests* the secretariat, subsequent to matching of support with actions, to record both supported mitigation actions and associated support in a separate section of the registry.

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<sup>4</sup> Decision 1/CP.16, paragraph 53

<sup>5</sup> Decision 1/CP.16, paragraph 58

4. *Further requests* the secretariat to record, in a separate section of the registry, domestically funded mitigation actions submitted by developing country Parties for the purpose of their recognition, upon the request of developing country Parties.

#### 1. Information on action

5. *Invites* developing country Parties to submit to the registry, through the secretariat, the following information, as appropriate, on individual nationally appropriate mitigation actions:

- (a) A description of the mitigation action;
- (b) A description of the anticipated implementing agency or agencies, including contact information;
- (c) The expected time frame for implementation;
- (d) The estimated cost of the mitigation action and cost incurred in formulating the actions;
- (e) The nature and type of support required and details of any domestic or international support already in place or secured;
- (f) As appropriate, capacity-building support required to implement the mitigation action, and an estimate of the full costs of activities enabling the action;
- (g) The estimated mitigation results or other indicators of implementation, based on the understanding that the commitment is to implement the action and not to the outcome;
- (h) The co- benefits for local sustainable development, if information thereon exists.

#### 2. Information on support

6. *Also invites* developed country Parties, the entity or entities entrusted with the operation of the financial mechanism, multilateral, bilateral or other public donors, and private or non-governmental organizations that are in position to do so to submit to the registry, through the secretariat, the following information, as appropriate, on finance, technology and capacity building support available and/or provided for preparation and implementation of nationally appropriate mitigation actions:

- (a) The name of the source of support, including contact information;
- (b) The name of the executing agency or the organization channelling the fund, including contact information;
- (c) The type (grant, loan, technology, capacity building/technical assistance or other) and amount of support available, including information on the currency;
- (d) The types of actions that may be supported and process for provision of support;
- (e) The status of delivery, related future timeframe and individual actions supported;
- (f) Whether any official development aid has been or would be diverted to fund the action.
- (g) The amounts of private-sector support for actions resulting directly from public sector intervention in the Party included in Annex I to the Convention.

## **B. Facilitating matching of actions with support**

7. *Decides* that the registry will facilitate matching of action with support through the provision of information on nationally appropriate mitigation actions seeking support and information on support available.

*Option to paragraph 7 above:*

The Financial Mechanism may, in accordance with guidelines to be adopted by the COP, disburse funds for implementation of individual mitigation actions submitted to the registry. The registry will generate reports, as per information on nationally appropriate mitigation actions seeking support submitted by developing country Parties, to facilitate matching of support.

8. *Requests* the secretariat to support, through the small team established to maintain the matching facility, the facilitative aspect of the registry, including by:

(a) Providing direct support to developing countries who request information and guidance on the available support;

(b) Acting as a liaison between developing countries seeking support and the donors, funds and facilities providing a list of available support;

(c) Serving as advisers specializing in regions and/or thematic areas, and respond to developing countries' requests for information and guidance on the available support.

## **C. Next steps**

9. *Also Requests* the secretariat to set up a registry prototype, based on the guidance given by Parties including in decisions 1/CP.16 and in this decision, in particular paragraph 1 above, that records information submitted in accordance with paragraphs 5 and 6 above to facilitate the matching of support to nationally appropriate mitigation actions by the thirty-sixth session of the Subsidiary Body for Implementation to enable a pilot phase and facilitate further discussion.

10. *Decides* to continue the work programme for the development of modalities and guidelines for facilitation of support to nationally appropriate mitigation actions through a registry with a view to:

(a) Finalizing modalities and guidance on the format and content of inputs to the registry, registry use and accessibility, and arrangements to enhance matching of actions to support by registry users by the XXXXXX;

(b) Establishing arrangements for the modification, updating and maintenance of the registry by the secretariat, to ensure that registry content remain current;

(c) Determining the need for a review of the registry prototype, including through consultation with Parties and other registry users on the registry's effectiveness.

11. *Also decides* that the Subsidiary Body for Implementation at its thirty-sixth session will further elaborate the modalities and functions of the registry with a view to adopting further decision at the eighteenth session of the Conference of the Parties.

## Modalities and procedures for international consultation and analysis

### Possible elements of draft decision text<sup>6</sup> for adoption of modalities and procedures for international consultation and analysis

*The Conference of the Parties,*

*Recalling*, in particular, Article 4, paragraphs 1, 3, and 7, Article 10, paragraph 2(a), and Article 12, paragraphs 1, 5 and 7, of the Convention,

*Recalling* its decisions on communications from Parties not included in Annex I to the Convention (non-Annex I Parties) and, in particular, its decision 10/CP.2, 2/CP.4, 12/CP.4, 8/CP.5, 31/CP.7, 32/CP.7 and 17/CP.8,

*Recalling* further that, by its decision 1/CP.16 (part III.B), it decided to enhance reporting in national communications from non-Annex I Parties, on mitigation actions and their effects, and support received, with additional flexibility to be given to the least developed country Parties and small island developing States,

*Noting* its decision 1/CP.16 (paragraph 63 [and 64]) by which a process of international consultation and analysis (ICA) of biennial reports will be conducted under the Subsidiary Body for Implementation, aiming to increase transparency of mitigation actions and their effects,

*Desiring* to operationalize international consultations and analysis agreed by Parties through its *decision* 1/CP.16,

*Recognizing* the importance of [international consultations and analysis][joint mission of international consultation and analysis with local team],

[*Recognizing* that the system of international consultations and analysis should be designed to optimise *opportunities* for developing countries to build their capacity in respect of the implementation of nationally appropriate mitigation actions and in respect of the measurement, reporting and verification of these actions,]

[*Also recognizing* that greater transparency will generate confidence among Parties as to the extent and nature of mitigation action being undertaken by developing country Parties, and create conditions for enhanced mitigation ambition among all Parties,]

*Further recognizing* the need to have an efficient, cost-effective and practical ICA process which does not impose an excessive burden on Parties,

*Acknowledging* that a [robust,] flexible, adaptable and cost-effective system of international consultations and analysis will facilitate participation by developing country Parties and enhance the level of transparency of the nationally appropriate mitigation actions of developing country Parties,

12. *Adopts* the modalities and procedures for international consultation and analysis annexed to this decision;

13. *Decides* [that on the extent of the fulfilment of the commitment of developed countries under the Convention related to financial resources, building capacities, effective transfer and development of technologies among others to developing countries to enable environments to undertake the formulation and development of BUR, ICA, NAMAs, the following aspects may be applied]:

(a) [That the first round of international consultation and analysis will be conducted in respect of each developing country Party, commencing on submission of the

<sup>6</sup> The following section will need to be further developed taking into account these considerations.

first round of biennial [update] reports by developing country Parties [and no later than 1 May 2014][or on the expiry of one year past the due date of the biennial update report];]

(b) That developing country Parties that have submitted their first biennial report will undergo the ICA process according to the modalities and procedures referred to in paragraph 1 above;

(c) That participation in international consultations and analysis will be voluntary for [least-developed countries and small island developing states[, and other developing country Parties that lack adequate capacity]] [developing country Parties in accordance with the national capacities and circumstances];

(d) [That all biennial update reports submitted in the first round of reporting should undergo international consultations and analysis;]

(e) [To revise the modalities and procedures prescribed herein based on experiences gained in the first round of international consultations and analysis, no later than 2015];-

(f) [That the frequency of the subsequent rounds of the ICA process [will be included in the modalities and guidelines referred to in paragraph 1 above][will be a biennial basis].] [In subsequent rounds of biennial [update] reporting, frequency of the ICA process could be differentiated based on the frequency of submission of biennial [update] reports, which could be based on a Party's [share of global GHG emissions][strong progress in implementation of mitigation actions or recently updated biennial report] and their capabilities. SIDS and LDCs[, and other developing country Parties that lack adequate capacity] may undergo ICA as a group of Parties at their discretion;]

(g) Decides that ICA reports must provide recommendation and proposal, worked together with the local team, of action plans to enable environment for the development of MRV and of action plans for the formulation and implementation of NAMAs.

14. [Urges developed country Parties to provide new and additional financial resources at the agreed cost in accordance with Article 4.3 of the Convention with view to support ICA;]

3 (alt) [Agrees to facilitate the [universal][voluntary] participation of developing country Parties in the ICA process, through the provision of support by developed country Parties, and taking into account specific national and domestic sectoral circumstances, and with additional flexibility to be given to the least developed country Parties and small island developing states.]

### **C. Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries**

*The Conference of the Parties,*

*[Recalling the principles and provisions set forth in decision 1/CP.16 and appendices I and II on policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries ,*

*Further recalling* decisions 1/CP.13, 2/CP.13, 4/CP.15 and [xx/CP.17 (SBSTA)],

*Also recalling* paragraphs 71, 73, 74, 76, 77 and 78 of decision 1/CP.16,

*Reaffirming* that, in the context of the provision of adequate and predictable support to developing country Parties, Parties should collectively aim to slow, halt and reverse forest cover and carbon loss, according to national circumstances, consistent with the ultimate objective of the Convention, as stated in its Article 2;

1. *Recalls* that results-based actions by developing country Parties referred to in decision 1/CP.16, paragraphs 73 and 77, shall be measured, reported and verified, have forest reference levels and/or forest emission reference levels established, and systems for providing information on how the safeguards referred to in decision 1/CP.16, appendix 1, are being addressed and respected developed in accordance with any decisions taken by the Conference of the Parties on this matter in order to access financial support for the full implementation of the results-based actions by developing country Parties;

2. *Notes* that a wide variety of new and existing sources<sup>7</sup> of financing, public and private, bilateral and multilateral, including market-based and alternative joint mitigation and adaptation mechanisms, could provide new, additional and predictable combined funding for the full implementation of the results-based actions by developing country Parties referred to in paragraph 1 above;

3. *Requests* the secretariat to prepare, subject to the availability of supplementary resources, a technical paper exploring the sources of financing referred to in paragraph 2 above, including the suitability of specific sources of financing for specific activities referred to in decision 1/CP.16, paragraph 70, the implications of these financing options for the specific activities, and to identify possible elements for modalities and procedures for financing results-based actions before the thirty-seventh session of the Subsidiary Body for Scientific and Technological Advice;

4. *Requests* the Subsidiary Body for Scientific and Technological Advice to consider, at its thirty-seventh session, the findings of the technical paper referred to in paragraph 3 and, if necessary, for the secretariat to organize, subject to availability of supplementary resources, a workshop on the issues addressed by the technical paper before the thirty-eighth Subsidiary Body for Scientific and Technological Advice session with the aim of reporting on progress made and possible recommendations to the Conference of the Parties at its eighteenth session.]

#### **D. Cooperative sectoral approaches and sector-specific actions, in order to enhance the implementation of Article 4, paragraph 1(c), of the Convention**

*[Recalling* the commitments under the Convention, in particular Article 4, paragraphs 1, 3, 5, 7, 8 and 9,

*Reaffirming* the objective, principles and provisions of the Convention, in particular its Article 2, Article 3, paragraphs 1, 2, and 5, and Article 4, paragraphs 1(c), 3, and 7,

*Taking into consideration* the historical responsibilities of Parties included in Annex I to the Convention in their contribution to climate change,

<sup>7</sup> Taking into account relevant provisions and arrangements agreed by the Conference of the Parties on finance, including the Green Climate Fund.

*Affirming* that cooperative sectoral approaches and sector-specific actions shall not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade, more specifically on the trade from developing country Parties,

*Reaffirming* that food security is important and should not be compromised by sectoral approaches and sector-specific actions,

*Affirming* that cooperative sectoral approaches and sector-specific actions shall not limit the ability of developing country Parties to pursue economic and social development and poverty eradication, and, to that end, that it is essential that cooperative sectoral approaches and sector-specific actions are undertaken in a manner that is supportive of an open international economic system,

*Reiterating* the importance of promoting and enhancing cooperative action on the development and transfer of environmentally sound technologies to developing country Parties now, up to and beyond 2012, in order to achieve the objective of the Convention,

1. *Decides* that cooperative sectoral approaches and sector-specific actions shall enhance the implementation of Article 4, paragraph 1(c), of the Convention, in accordance with the Bali Action Plan;

*Placeholder for trade and economic development and poverty eradications]*

### **Agriculture**

*[Reaffirming* the objective, principles and provisions of the Convention, in particular its Article 2, Article 3, paragraphs 1 and 5, and Article 4, paragraph 1(c),

*Bearing in mind* the need to improve the efficiency and productivity of agricultural production systems in a sustainable manner,

*Recognizing* the interests of small and marginal farmers, the rights of indigenous peoples and traditional knowledge and practices, in the context of applicable international obligations and taking into account national laws and national circumstances,

*Recognizing* that cooperative sectoral approaches and sector-specific actions in the agriculture sector should take into account the relationship between agriculture and food security, the link between adaptation and mitigation, and the need to safeguard that these approaches and actions do not adversely affect food security,

*Placeholder for food-security, trade and economic development and poverty eradications*

2. *Decides* that all Parties, with respect to the agriculture sector and taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, should promote and cooperate in the research, development, including transfer, of technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases, particularly those that improve the efficiency and productivity of agricultural systems in a sustainable manner and those that could support adaptation to the adverse effects of climate change, thereby contributing to safeguarding food security and livelihoods;

3. *Requests* the Subsidiary Body for Scientific and Technological Advice to establish, at its thirty-six session, a programme of work on agriculture to enhance the implementation of Article 4, paragraph 1(c), of the Convention, taking into account paragraph 1 above;

4. *Invites* Parties to submit to the secretariat, by 05 March 2012, their views on the content and scope of the work programme;
5. *Requests* the secretariat to compile these views into a miscellaneous document for consideration by the Subsidiary Body for Scientific and Technological Advice at its thirty-sixth session.]

### **International aviation and shipping**

*[Option 1: Parties agreed to merge previous option 1 with previous option 8*

*Previous option 1*

1. *Encourages* that the limitation and reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from international aviation and maritime transport should be pursued by Parties included in Annex I to the Convention working through the International Civil Aviation Organization and the International Maritime Organization, respectively;
2. Also encourages that while pursuing the limitation and reduction of emissions of greenhouse gases from international aviation and maritime transport, the International Civil Aviation Organization and the International Maritime Organization shall take into account the principles and provisions of the Convention, in particular the principles of common but differentiated responsibilities and respective capabilities;
3. Agrees that any measures taken to address the issue of climate change through the International Civil Aviation Organization and the International Maritime Organization shall differentiate between developed and developing country Parties and shall not constrain the social and economic development of developing country Parties, taking duly into account the special conditions and national circumstances of those countries;
4. Agrees also to invite these organizations to report to the Conference of Parties at its seventeenth session, and to its subsidiary bodies, as appropriate, and at regular intervals thereafter, on relevant activities in this respect;

Additional paragraph to option 1

5. Decides that all Parties included in Annex I to the Convention in pursuing limitation and reduction of emissions of greenhouse gases from civil aviation and maritime transport shall refrain from unilateral actions that are not consistent with the principles and provisions of the Convention and its Kyoto Protocol;

*Previous option 8*

1. Decides that all Parties included in Annex I to the Convention shall pursue limitation or reduction of emissions of greenhouse gases not controlled by the Montreal protocol from civil aviation and maritime bunker fuels, working exclusively through the International Civil Aviation Organization and the International Maritime Organization, respectively;
2. Decides that all Parties included in Annex I to the Convention, in pursuing limitation and reduction of emissions of greenhouse gases from civil aviation and maritime transport, shall refrain from unilateral actions that are not consistent with the principles and provisions of the Convention and its Kyoto Protocol;
3. Agrees that civil aviation and maritime transport constitute essential sectors for development in developing countries and that restrictions on development in these sectors will hinder development priorities in Parties not included in Annex I to the Convention.]

***[Option 2: Parties agreed to merge previous option 2 with previous option 3***

*Previous option 2*

1. Agrees that the limitation and reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from international aviation and maritime transport should be pursued working through the International Civil Aviation Organization and the International Maritime Organization, respectively, in accordance with the principles and customary practices of the International Civil Aviation Organization/International Maritime Organization, taking into account the principles and provisions of the Convention, through the use of potential revenues, setting global emissions targets of 10 per cent and 20 per cent, respectively, below 2005 levels in 2020 for international aviation and maritime transport on a scale consistent with the agreed 2 °C objective; the use of market-based mechanisms may contribute towards achieving these targets; activities, policy approaches and measures established by the International Civil Aviation Organization and the International Maritime Organization should lead neither to competitive distortions nor carbon leakage and should be approved without delay;

*Previous option 3*

1. Agrees that the limitation and reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from international aviation and maritime transport should be pursued working through the International Civil Aviation Organization and the International Maritime Organization, in accordance with their respective principles and customary practices, on a scale consistent with the 2 °C target, and that the use of market-based mechanisms may contribute towards achieving these targets;

2. Agrees also to invite these organizations to report to the Conference of the Parties and to its subsidiary bodies, as appropriate, and at regular intervals thereafter, on relevant activities, policy approaches and measures;]

***[Option 3: Parties agreed to merge previous option 5 with previous option 6***

*Previous option 5*

1. Agrees that the limitation and reduction of greenhouse gasses not controlled by the Montreal Protocol, from international aviation and marine transport, shall by pursued working through the International Civil Aviation Organization and the International Maritime Organization, respectively, in accordance with their respective principles and customary practices, on a scale consistent with the long-term global goal of a temperature increase below 2 °C, [taking into account the principles and objectives of the Convention [including common but differentiated responsibilities]];

*Previous option 6*

1. Agrees that measures to address the emissions of greenhouse gases not controlled by the Montreal Protocol from international aviation and maritime transport should be undertaken through global frameworks under the International Civil Aviation Organization and the International Maritime Organization, respectively, while taking into account the principles and provisions of the Convention;]

***[Option 4: Parties agreed to merge previous option 4 with previous option 7***

*Previous option 4*

1. Agrees that the limitation or reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from international aviation and maritime transport should be pursued working through the International Civil Aviation Organization and the International Maritime Organization, respectively;

*Previous option 7*

1. Agrees to pursue limitation and reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from civil aviation and maritime bunker fuels, working through the International Civil Aviation Organization and the International Maritime Organization, respectively;
2. Encourages the International Civil Aviation Organization and the International Maritime Organization to continue without delay their activities for the development of policy approaches and measures to limit and reduce greenhouse gas emissions, and specifically:
  - (a) To establish sufficiently ambitious mid-term and long-term global goals for the limitation and reduction of greenhouse gas emissions from aviation and marine bunker fuels, respectively, to be achieved through the application of their policy approaches and measures;
  - (b) To report to the Conference of the Parties, and its subsidiary bodies as appropriate, at its nineteenth session, and at regular intervals thereafter, on relevant activities, policy approaches and measures established and under development, emission estimates and achievements in this respect;]

**E. 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**

*Option 1 (to paragraph 5):*

*The Conference of the Parties,*

*Recalling decisions 1/CP.13 and 1/CP.16,*

*Recalling Articles 1.1, 3.1, 4.1, 4.2(a), 4.3, 4.7, 4.8 and 4.10 of the Convention,*

*Affirming the need to maintain consistency with the principles of the Convention, including that Parties should protect the climate system in accordance with their common but differentiated responsibilities and respective capabilities,*

*Taking into consideration the special conditions of developed country Parties undergoing the process of transition to a market economy,*

*Undertaking to maintain and build upon existing mechanisms, including those established under the Kyoto Protocol,*

*Acknowledging the role of 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;*

1. *Decides to establish an enhanced mitigation mechanism;*
2. *Decides that this mechanism shall:*
  - (a) Provide guidelines on the use of various approaches to meet mitigation targets under the Convention, so as to ensure comparability of quality and integrity of emissions accounting;

(b) Facilitate the voluntary participation by developing country Parties in various approaches through, inter alia, capacity-building and readiness measures, including pilot programmes;

(c) Implement an approach to promote the reduction, removal, and/or avoidance of greenhouse gas emissions in developing country Parties, based on the issues set out in decision 1/CP.16, paragraph 80;

3. *Requests* the Subsidiary Body for Scientific and Technological Advice to conduct a work programme to develop modalities and procedures for each element of the mechanism referred to in paragraph 2 above, with a view to recommending a decision or decisions to the Conference of the Parties at its eighteenth session;

4. *Decides* that this work programme shall comprise:

(a) An evaluation of experience, both positive and negative, with various approaches;

(b) The organization of an expert workshop;

(c) The drafting of modalities and procedures;

5. *Invites* Parties and admitted UNFCCC observers to submit to the secretariat, by 13 February 2012, their views on the matter referred to in paragraph 4(a) above, and, by [x] 2012, their views on the matters referred to in paragraphs 4(b) and (c) above;

*Option 2 (to paragraph 119):*

#### **I. Preamble**

*The Conference of the Parties,*

[*Recalling* decisions 1/CP.13 and 1/CP.16,]

[*Recalling* Articles 1.1, [3.1], 4.1, 4.2(a), 4.3, 4.7, 4.8 and 4.10 of the Convention,]

[*Recalling* Articles 6, 12, and 17 of the Kyoto Protocol]

*Reaffirming* the need to enhance the cost-effectiveness of, and to promote, mitigation actions for the achievement of the objectives of the Convention, consistent with the principles of the Convention,

*Recognizing* that enhancing the cost-effectiveness of, and promoting, mitigation actions requires a broad range of approaches, [including market-based approaches to establish a value for emissions of greenhouse gases,]

*Recognizing* that enhancing the cost-effectiveness of mitigation actions minimizes the [global] costs of climate change mitigation to society and enables an increase in the overall ambition to reduce emissions,

*Acknowledging* the mechanisms established under the Kyoto Protocol and supporting the continuation of the use of these mechanisms,

[*Recognizing* that enhanced mitigation efforts are needed to complement the flexibility mechanisms established under the Kyoto Protocol to achieve a global net reduction of greenhouse gas emissions,]

[*Affirming* the need to develop new various approaches to complement the flexible mechanisms under the Kyoto Protocol and to supplement ambitious domestic mitigation actions of developed country Parties, with a view to achieving a global net domestic reduction of greenhouse gas emissions in all developed countries while enhancing environmental integrity,]

*Taking into consideration* the special conditions of developed country Parties undergoing the process of transition to a market economy,

*Emphasizing* the importance of contributing to sustainable development, including through technology transfer and other co-benefits,

*Emphasizing* the importance of achieving sustainable development through enhanced access to finance, technology transfer and capacity building from developed to developing country Parties,

[*Recognizing* that there are low greenhouse gas emissions lifestyles, practices and infrastructures that need to be preserved and enhanced in a cost-effective manner, [that cannot generate offsets]. [Market-based mechanisms facilitate greenhouse gas emission reductions at a global level and] [various approaches must] contribute to sustainable development of developing countries by [matching the needs for and supplies of] [transferring]],

[Market-based mechanisms facilitate greenhouse gas emission reductions at a global level and contribute to sustainable development of developing countries by matching the needs for and supplies of low carbon technologies, products and services and by mobilizing technical and financial support for developing countries across borders,]

*Acknowledging* the [primary] role of public financing in enhancing the cost effectiveness of, and promoting mitigation actions,

[*Noting* that the transition from certain ozone depleting substances has implications for the protection of the climate system,

*Recalling* decision 12/CP.8 encouraging Parties to ensure that their actions to address ozone depletion are undertaken in a manner that also contributes to the objective of the Convention,

*Acknowledging* that the Montreal Protocol has contributed significantly and in a cost-effective manner to climate mitigation through the phase-out of certain ozone depleting substances with high Global Warming Potential and that its bodies have considerable expertise in dealing with the relevant sectors,

*Concerned about* the projected increase in the use of hydrofluorocarbons, as substitutes to certain ozone depleting substances, and about the projected contribution of their emissions to the global warming of the atmosphere,]

## **II. Principles and objectives for various approaches**

### *Convention principles*

6. [*Affirms* the need to maintain consistency with the principles of the Convention, including that Parties should protect the climate system in accordance with their common but differentiated responsibilities and respective capabilities;]

7. [*Decides* that the various approaches to be established shall be consistent with the principles of the Convention and the Bali Action Plan, including that Parties should protect the climate system in accordance with their common but differentiated responsibilities and respective capabilities;]

8. [*Remaining faithful* to both the Convention and the Bali Action Plan in the way that we approach this issue of mitigation. As such the defining distinction between the obligations of Annex 1 Parties and those of non Annex 1 should define our approach;]

9. [*Agrees* that the new various approaches established in this decision shall strive to ensure a net decrease and/or avoidance of global greenhouse gas emissions, and the

governing principles of all the provisions agreed in paragraph 80 and 84 of Decision 1/CP.16;]

*Participation and access*

10. [Ensuring voluntary participation of Parties, in any new mechanism or approach, supported by the promotion of fair and equitable access for all Parties, and that the necessary capacity building activities should be provided to countries including, inter alia, the LDCs and African countries to promote their access to the possible market-based mechanisms];

11. [All developing country Parties should have equal access to the possible market-based mechanism to be established, and necessary capacity building activities should be provided to countries including, inter alia, the LDCs and African countries to promote their access to the possible market-based mechanism];

12. [Any new mechanism or approach must ensure voluntary participation and fair and equitable access for all developing countries bearing in mind the importance of equitable regional distribution];

13. [Agrees that the eligibility of the mechanisms is based on the voluntary participation of Parties involved and the adequacy of the use of the mechanisms with the common principles, modalities and procedures, and that promotion of fair and equitable access to the mechanisms is important];

14. In order to maximize the function of new market-based mechanisms in developing countries, sufficient institutional capacities need to be developed in the sectors where the mechanisms are utilized. To this end, developed countries should actively provide capacity building in developing countries;

*Complementing other means of support*

15. [Complementing other means of support for nationally appropriate mitigation actions by developing country Parties];

16. [Agrees that other means of support should complement market mechanisms, while ensuring that no double-counting occurs];

17. [Recognizes the fundamental role of public sources of finance in the implementation of activities;]

18. [Public funding must be the key source of financing and therefore we need certainty of the financial mechanism and markets can only be supplemental (both to funding and to domestic action on emissions targets)];

*Stimulating mitigation across broad segments of the economy*

19. Technology neutrality;

*Environmental integrity*

20. Safeguarding environmental integrity by ensuring that emission reductions and removals are additional to any that would otherwise occur, providing for robust measurement, reporting and verification, preventing the different types of double-counting, inter alia between developed and developing country mitigation, mitigation and public finance and with existing mechanisms and minimizing the risk of carbon leakage;

21. Environmental integrity and supplementarity are key principles to uphold, as well ensuring we do not have double counting;

22. [The utilization of any market-based mechanisms to be established under the Convention should not lead to double counting, i.e. being considered as fulfillment of the

financial commitment by the developed country Parties and at the same time allowing for the generation of offset credits;]

*Net decrease and/or avoidance of emissions*

23. *Ensuring* a net decrease and/or avoidance of global greenhouse gas emissions;

24. *Agrees* that the new various approaches established in [paragraphs 77 and 94 of] this decision shall strive to ensure a net decrease and/or avoidance of global greenhouse gas emissions, and the governing principles all the provisions agreed in paragraph 80 of decision 1/CP.16;

*Meeting mitigation targets and complementarity*

25. *Assisting* developed country Parties to meet part of their mitigation targets, while ensuring that the use of such a mechanism or mechanisms is supplemental to domestic mitigation efforts;

26. The possible market-based mechanism to be established under the Convention aims to help developed country Parties that are not Parties to the Protocol to meet part of their emission reduction commitments in a cost-effective manner, and should not be considered in any sense as a means for developing countries to undertake any type of emission reduction commitments;

27. *Agrees* that the use of mechanisms by developed country Parties should be supplemental to domestic mitigation efforts;

28. Emission reduction commitments of the developed country Parties shall be achieved mainly through domestic efforts and the market-based mechanism could only play a complementary role. A clear requirement should be established in this regard by the Conference of the Parties;

29. *Ensuring* that offsets shall not be allowed;

*Good governance and regulation*

30. *Agrees* that common principles, modalities and procedures as well as the coordinating and oversight functions of the UNFCCC are needed in order to ensure environmental integrity and robust market functioning, allow comparability of quality of the mechanisms, foster the coherence of the carbon market and fungibility of units. This structure and these objectives should constitute the framework for implementation of the mechanisms by participating country Parties;

31. Compliance with a common and reliable accounting requirements and MRV framework;

32. *Agrees* that ensuring good governance and robust market functioning and regulation is essential for the environmental integrity and robust quality of the mechanisms, including for the avoidance of double-counting, the transparency and integrity of issuance, trading and use of units;

33. Efficient and facilitative nature;

*Cost-effectiveness of mitigation*

34. Markets must deliver what they originally set out to deliver which is reducing cost of mitigation and technology transfer, and not be a mere offset mechanism;

*National circumstances*

35. New market-based mechanisms should be flexible and efficient enough to be able to reflect specific circumstances of both developed and developing countries while ensuring environmental integrity;

36. *Ensuring* flexibility to accommodate each country's circumstances and ensuring transparency;

*Impacts*

37. [New market-based mechanism should promote transfer and dissemination of low carbon technologies, products and services to developing countries including LDCs and contribute to their sustainable development;]

38. *Promoting* changes in lifestyles and patterns of production and consumption;

39. *Ensuring* no net transfers of resources from developing to developed country Parties;

40. *Ensuring* the full respect of human rights, including the inherent rights of indigenous peoples, women, children, migrants and all vulnerable sectors;

41. [*Recognizing*, promoting and defending the rights of nature to guarantee harmony between humanity and nature ensuring the prevalence of all elements of nature over market interests;]

42. [*Ensuring* that ecological functions of Mother Earth will not be commodified in order to guarantee the rights of nature;]

43. [*Avoiding* any means that constitute an arbitrary or unjustifiable discrimination or disguised restriction on international trade;]

*Conditionalities*

44. The entry into force of any new mechanism should follow the determination of the second commitment period of the Protocol, in order to preserve the legal nature of the carbon mechanisms under the Kyoto Protocol, provide confidence for the existing carbon markets and establish a strong demand for their continuity;

45. The market can only be secured through deep legally binding emission reduction targets from ALL developed country Parties. The multiplicity of markets will only hamper the carbon price - especially if the levels of ambition remain as low as they are now (i.e. the emission reduction targets for A1 Parties);

*Complementing other mechanisms*

46. Synergy with the existing market-based mechanisms;

47. Addressing markets in the AWG-LCA should complement and enhance the original process at the AWG-KP. It should not by any means substitute the Kyoto Protocol;

**[III. Evaluation of existing approaches and lessons learned]**

*[Evaluation of existing approaches and building upon them]*

48. [In developing a mechanism for consideration, the Parties have agreed to undertake to maintain and build upon existing mechanisms, including those established under the Kyoto Protocol. Any new mechanism to be elaborated should reflect key lessons learned from experience thus far with the Kyoto Protocol:

(a) Ambitious, legally-binding emission reduction targets for developed country Parties, taken at the international level, are essential to drive a global carbon market;

(b) Stringent baselines for new participants are essential, to avoid the creation of units that do not reflect reductions below BAU emissions. These will be voluntary for developing countries;

(c) Inventories must be transparent, consistent, comparable, complete and accurate for the sectors on which trading is based;

(d) Common reporting formats and methodologies for the calculation of emissions, established at the international level, are essential;

(e) Objective, consistent, transparent, thorough and comprehensive technical assessments of the inventories on which trading is based are essential to ensure market confidence;

(f) Industrial gases with high global warming potentials (GWPs) have been shown to create perverse incentives in the context of the CDM and JI, and should be addressed through non-market-based mechanisms;]

49. [The SBSTA shall flag both positive and negative lessons learnt. Any new approach shall take into account these lessons learnt, taking special care not to repeat negative aspects, especially when these have structural impacts;]

50. [*Building upon* existing mechanisms means retaining the existing Kyoto Protocol mechanisms (CDM, JI and international emissions trading), and ensuring that any new market-based mechanism:

(a) Maintains and extends the existing system for the international accounting of emissions and emission reductions;

(b) Maintains and extends the Protocol's provisions for reporting and review, for Parties wishing to engage in emissions trading at the international level;

(c) Secures real, measurable, verifiable and additional, long-term global emission reductions;

(d) Incentivizes far deeper emission reductions in developing country Parties than those available through the CDM;

(e) Ensures environmental integrity, to give confidence to the international carbon market;

(f) Is structured to deliver substantial net global emission reductions, beyond mere offsetting;

(g) Avoids double counting of emission reductions by crediting reductions in part to developing country host Parties;

(h) Is established in the context of ambitious legally-binding economy-wide emission reduction commitments from Annex I Parties;]

51. [The elaboration of approaches to enhance the cost-effectiveness of, and to promote, actions on mitigation of climate change could take into consideration the lessons learnt under existing approaches, but nothing in this regard shall prejudice any kind of evaluations of existing approaches;]

*[Evaluation of various approaches]*

52. [It is very important to create a solid basis for evaluation of various approaches to mitigation actions. As the nature of the mitigation commitments from Annex I countries is different from the voluntary mitigation actions from developing countries, it also follows that the approaches for evaluation of cost effectiveness are not the same;

53. Evaluation of cost effectiveness for mitigation of Annex I Parties. The goal of cost effectiveness is to find the optimal use of financial resources to carry out mitigation. In other words, the aim is to have the highest figures of emission reductions per cost incurred. The cost incurred from mitigation must include two components: (1) The cost of carrying the mitigation action or policy within the Annex I country that is planning the reduction action or policy; (2) The costs borne by developed country Parties including the social and economic spillover impacts of the mitigation actions on developing countries (i.e. revenue loss, negative terms of trade, etc). Annex I countries must provide detailed listing of all their mitigation actions and policies. Such listing must include a breakdown of costs (as described above) and the actual reduction of greenhouse gas planned or anticipated. Cost effectiveness should be the main criteria for prioritizing and pursuing mitigation actions and policies by Annex I countries. There should also be an evaluation of scaling up of the actions and policies that provide high cost effectiveness, prior to pursuing next actions with lower cost effectiveness;

54. Evaluation for developing country Parties. As the mitigation actions in developing countries is different in nature, and is more in line with development plans and strategies, the selection criteria should be simple in order to encourage more contributions. Thus instead of evaluation of actions, there should be more encouragement and incentives to explore various mitigation and build knowledge and experience about various actions. Annex I countries should provide support for developing countries to enable and carry these actions, including financial support, technology transfer, and capacity building;]

#### **[IV. Conditionalities]**

55. [*Decides* that Annex I Parties of the Convention can use the mechanism referred to in paragraphs 77 and 94 to comply with their quantified emission reduction limits provided the entry into force of the second commitment period of the Kyoto Protocol and the adoption of comparable efforts of quantified emissions reduction limits for those Parties that are not Parties to the Kyoto Protocol, or that have stated a voluntary pledge to reduce current emission levels and to curve the trajectory of its growth;]

56. [*Decides* that the consideration of opportunities for using markets to enhance the cost-effectiveness of, and to promote, mitigation actions, shall start only after the fulfillment of the following conditions:

(a) The entry into force of the second commitment period under the Kyoto Protocol;

(b) The conclusion of discussions on market-based mechanisms in the Ad Hoc Working Group on Further Commitments of Annex I Parties under the Kyoto Protocol in order to not duplicate efforts;

(c) There is enough information and evaluation around the implications of present market-based mechanisms as set out in the subsection on "evaluation of existing approaches and lessons learnt";]

57. [*Decides* to limit the use of the mechanism described in paragraphs 77 and 94 by Annex I Parties to the Convention for compliance purposes up to three percent of the total quantified emissions reductions commitments targets and objectives [PLACEHOLDER for results of the amendment of Article 3 paragraph 9 of the Kyoto Protocol and Article 1(b)(v) of decision 1/CP.13 mitigation targets by Annex I Parties under the AWG-LCA]];

58. [Finalization of this agenda item requires the finalization of ambitious, fair, effective and legally binding outcomes under UNFCCC and its Kyoto protocol that follows the principles of the Convention in particular the principles of equity, common but differentiated responsibilities and respective capabilities, historic responsibility,

environmental integrity, together with the provisions related to Annex II Parties obligations to provide support to non-Annex I Parties];

## **V. Framework for various approaches**

### *A. Consideration*

59. *Invites* Parties to submit information on the market mechanisms they are using or may use, this information should include the standards, guidelines, or rules that ensure the environmental integrity and that there is no double counting of any units generated through those mechanisms;

60. *Invites* submissions from Parties and admitted observer organizations on standards, guidelines or rules that should apply to the use of market mechanisms under the Convention;

### *B. Creation*

61. Submission of new proposals;

62. Sustainable Development Approaches (SDAs) will be developed and submitted top down and bottom up. Parties can submit SDAs for consideration by the Sustainable Development Approach Standards Board (SDASB) in a bottom up manner. The COP can commission top down the development of SDAs;

63. Any SDA approved by the SDASB can be used in a voluntary manner by any Party;

### *C. Governance*

64. *Agrees* that common principles, modalities and procedures as well as the coordinating and oversight functions of the UNFCCC are needed in order to ensure environmental integrity and robust market functioning, allow comparability of quality of the mechanisms, foster the coherence of the carbon market and fungibility of units. This structure and these objectives should constitute the framework for implementation of the mechanisms by participating country Parties;

65. The COP directs basic principles in order to secure the credibility of new market-based mechanisms;

66. *Agrees* that new market-based mechanisms should be built in a way that individual countries are also allowed to design, establish and implement their market mechanisms, reflecting their own national circumstances, following the basic principles directed by the COP. Under such governance structure, respective countries that establish their market mechanisms are responsible for designing, implementing and securing transparency of the mechanisms;

67. *Agrees* that new approaches that will create units to be used for compliance across national borders, Sustainable Development Approach (SDA), will be considered and approved under the authority of the COP and supervised by a Sustainable Development Approach Standards Board (SDASB);

68. Regulatory agency or body;

69. The [SDASB] [mechanisms established] will have a Secretariat. Secretariat services will be provided by the UNFCCC Secretariat;

70. The SDASB will administer the SDAs mechanisms created top down and bottom up in order to provide for coordination, transparency and avoid duplication between SDAs. The SDASB will report to the COP on any matters related to the good functioning of these mechanisms;

71. For the purpose of ensuring transparency, respective countries regularly report to the UNFCCC secretariat such information as what market-based mechanisms the country has developed and how they are actually used;

72. No new body for governance of new market mechanisms or carbon markets shall be established;

73. The adoption of new approaches for enhancing mitigation that require international regulation shall be exclusive competence of the COP;

*D. Eligibility*

74. *Agrees* that the eligibility of the mechanisms is based on the voluntary participation of Parties involved and the adequacy of the use of the mechanisms with the common principles, modalities and procedures, and that promotion of fair and equitable access to the mechanisms is important;

75. Non-Annex I Parties wishing to participate in any new voluntary sectoral trading or sectoral crediting mechanism would have to satisfy certain eligibility criteria to maintain the environmental effectiveness and environmental integrity of the international trading system. Such criteria might include:

(a) presentation of a sectoral or economy-wide target that is significantly below business as usual projections;

(b) establishment of a national system for the estimation of anthropogenic emissions by sources and removals by sinks;

(c) presentation of an adequate time series of sectoral emissions, based on a consistent methodology, reported according to agreed IPCC methodologies;

(d) review of baselines and inscribed amounts by sectoral experts;

(e) regular reporting on sectoral emissions and on national emissions;

(f) maintenance of units, once issued, in an approved registry;

(g) procedures in place to avoid double counting of emission reductions;

(h) establishment of clear synergies with other UN Conventions for the delivery of joint outcomes and benefits;

(i) benefits of the mechanisms will have to be strictly directed to support further mitigation and adaptation activities;

76. For Annex I Parties, the same eligibility requirements that now exist under the Kyoto Protocol for Annex I Parties to acquire or transfer units, would apply equally to the acquisition and transfer of any units created through new market mechanisms that are sought to be used for Annex I compliance purposes. These include requirements that Annex I Parties:

(a) have an internationally-legally-binding economy-wide emission reduction commitment;

(b) have calculated and recorded their Assigned Amount;

(c) have in place a national system/ national arrangements for the estimation of anthropogenic emissions by sources and removals by sinks;

(d) have in place a national registry;

(e) have submitted annual greenhouse gas inventories for review;

(f) have submitted supplementary information to show progress toward achieving economy-wide emission reduction targets;

## **VI. New approaches**

### *A. Market-based approaches*

#### *Option A (paragraphs 77-92):*

77. *Decides* to establish a new international mechanism, incentive-based and voluntary in nature, to ensure the avoidance/reduction of emissions relative to the net level of emissions in broad sectors of the economy, in an effort to: reach a net decrease in global greenhouse gas emissions, foster the enhancement of the cost-effectiveness, and the promotion of mitigation actions under the Convention;

78. *Decides* to establish a new market-based mechanism [for developing countries] consisting of a common core set of rules and procedures at the international level, that complements other means of support for nationally appropriate mitigation actions by developing country Parties, enhances the cost-effectiveness of mitigation and assists developed country Parties in meeting part of their mitigation commitments[, while ensuring that the use of such a mechanism is supplemental to domestic mitigation efforts][and ensure the reduction or avoidance of greenhouse gas emissions relative to the net level of emissions in broad sectors of the economy, in an effort to reach a net decrease in global greenhouse gas emissions];

79. *Decides* to establish a new international mechanism for developing countries consisting of a common core set of rules and procedures at the international level, that compliments other means of support for nationally appropriate mitigation actions by developing country Parties in meeting part of their mitigation commitments, while ensuring that the use of such a mechanism is supplemental to domestic mitigation efforts and ensure the reduction or avoidance of greenhouse gas emissions relative to the net level of emissions in broad sectors of the economy, in an effort to reach a net decrease in global greenhouse gas emissions;

80. *Decides* that the establishment of the new market-based mechanism referred to in paragraph [x] above shall be guided by the following:

(a) *Ensuring* voluntary participation of Parties, supported by the promotion of fair and equitable access for all Parties;

(b) *Stimulating* mitigation across broad segments of the economy, which constitute a significant proportion of a country's emissions or a significant proportion of a country's GDP, and can contain sectors or subsectors;

(c) *Safeguarding* environmental integrity by ensuring that emission reductions and removals are additional to any that would otherwise occur, providing for robust measurement, reporting and verification, preventing the different types of double-counting, inter alia between developed and developing country mitigation, mitigation and public finance and with existing mechanisms and minimizing the risk of carbon leakage;

(d) Ensuring a net decrease and/or avoidance of global greenhouse gas emissions and reflecting contributions by developing country Parties to global mitigation efforts;

(e) Promoting investment by the private sector;

(f) Ensuring good governance and robust market functioning and regulation; the governance of the mechanism shall ensure environmental integrity, robust accounting system, efficiency, minimised administrative costs and contribute to sustainable development;

- (g) Compliance with a common and reliable accounting requirements and MRV framework;
81. *Decides* that the modalities and procedures referred to in paragraph [x] shall elaborate on the following elements:
- (a) definition of basic forms: trading and crediting;
  - (b) rules on how to define sectors and coverage of gases;
  - (c) methods and criteria for calculating baselines;
  - (d) methods and criteria for determining crediting thresholds or sector targets;
  - (e) length of crediting/trading period;
  - (f) provisions for monitoring, reporting and verification of emissions;
  - (g) provisions for issuance of units;
  - (h) accreditation standard for validators and verifiers;
82. *Decides* to establish crediting and trading mechanisms, with voluntary participation of Parties and in view of enhancing the cost-effectiveness of, and promotion of, mitigation actions;
83. *Agrees* that new market mechanisms will cover broad segments of the economy, including sectors, sub-sectors, policies and measures, technologies or other mitigation actions;
84. *Agrees* that the use of mechanisms by developed country Parties should be supplemental to domestic mitigation efforts;
85. *Agrees* that ensuring good governance and robust market functioning and regulation is essential for the environmental integrity and robust quality of the mechanisms, including for the avoidance of double-counting, the transparency and integrity of issuance, trading and use of units;
86. *Agrees* that new [crediting and trading] market mechanisms are complementary to the mechanisms under the Kyoto Protocol, but that market mechanisms should not lead to double-counting;
87. *Agrees* that incentives for private sector engagement through national policies and clarity on the scope and eligibility of mechanisms in the participating country Party are important for the functioning and promotion of the mechanisms;
88. Based on the principles of the convention, and particular the principles of equity and common but differentiated responsibility, Annex I countries have the commitment to reduce their emissions because of their historical responsibility. The reductions should be done mainly domestically and comprehensively in addressing all greenhouse gases and all economic sectors. Seeking mitigation opportunities outside national border should be complementary to these domestic actions;
89. Any new market-based mechanism under the convention should be complementary to the existing mechanisms under Kyoto Protocol and not a replacement. Kyoto Parties shall continue to utilize the existing mechanisms under the Kyoto Protocol;
90. Any market based system to be established under the convention should take into account the following:
- (a) For Annex I Countries, seeking to undertake mitigation projects in developing countries, by through any newly established market mechanism:

- (i) Seeking mitigation opportunities outside national border should be complementary to mitigation within their own countries. There must be an agreed maximum percentage of total mitigation by Annex I countries (measured by total greenhouse gas reduction) that can be undertaken outside national borders;
- (ii) Mitigation done by Annex I countries in developing countries should not aim at the lowest cost mitigation options, it should aim at complete new projects that provide opportunities from creating new jobs and transferring technology. Lower cost mitigation opportunities (low hanging fruits) should be left for the developing countries, as part of their voluntary endeavour to contribute to the global mitigation effort;
- (iii) A list should be created at the UNFCCC to for developing countries to register mitigation project opportunities that can be funded by Annex I countries;
- (iv) Mitigation undertaken by Annex I countries in developing countries should only be towards projects that have been included in this new list;
- (v) The list should have complete coverage of projects from all developing countries;
- (vi) The total mitigation from Annex I countries done outside national borders must provide fair and equal geographical distribution across developing countries and regions, this should be insured through a dedicated board that carefully administers the list;
- (vii) If reductions units are established and issued, the developing country where the project takes place must have a share of the units issued;
- (viii) Trading of reduction units issued should be done within internationally approved systems that are developed in Annex I countries;
- (ix) Agreed criteria must be developed for how the reduction units are issued, including unified bases that are applicable to all countries;
- (b) For developing countries:
  - (i) Developing countries mitigation is voluntarily and should not be subject to reduction units that are linked to a cap and trade system;
  - (ii) Developing countries that may voluntarily wish to establish a national system for dealing with reduction units can do so at their own discretion. Such system should be distinct from systems established in Annex I countries;

91. Part of financial resources raised from market-based mechanisms can be used for financing adaptation actions in developing countries;

92. New market-based mechanisms should allow wide spectrum of approaches, including project-based and sector-based approaches;

*Option B (paragraph 93):*

93. *Decides* to postpone the consideration of opportunities for using markets to enhance the cost-effectiveness of, and to promote, mitigation actions, until:

- (a) The entry into force of the second commitment period under the Kyoto Protocol;
- (b) Economy-wide legally binding targets for all developed country Parties;

(c) The conclusion of discussions on market-based mechanisms in the Ad Hoc Working Group on Further Commitments of Annex I Parties under the Kyoto Protocol in order to not duplicate efforts;

(d) There is enough information and evaluation around the implications of present market-based mechanisms;

*B. Non-market-based approaches*

*Net avoidance/reduction*

94. *Decides* to establish a new international mechanism, incentive-based and voluntary in nature, to ensure the avoidance/reduction of emissions relative to the net level of emissions in broad sectors of the economy, in an effort to: reach a net decrease in global greenhouse gas emissions, foster the enhancement of the cost-effectiveness, and the promotion of mitigation actions under the Convention;

*Consumption patterns*

95. *Bearing in mind* different circumstances of developed and developing countries, the developed country Parties and other developed Parties included in Annex II, shall undertake policies and measures to substantially modify consumption patterns in all relevant sectors, in order to demonstrate that developed countries are taking the lead for modifying longer-term trends in anthropogenic emissions consistent with the objective of the Convention, and are sufficient to achieve an aggregate reduction of anthropogenic carbon dioxide equivalent emissions from domestic sources of greenhouse gases of more than [x] below 1990 levels by 2020, under the Kyoto Protocol. These programs should be aligned and coordinated with definitions of the 10 YFP under the Marrakesh Process, to promote the development of specific set of actions and measures regarding climate change;

*Intellectual property rights*

96. [With the objective of promoting mitigation actions, including the improving of their cost-effectiveness, the Parties shall ensure that intellectual property rights and agreements shall not be interpreted or implemented in a manner that limits or prevents any Party from taking any measures to promote mitigation of climate change. The Parties agree to undertake a range of measures including:

(a) Creation of global pools for goods and technologies to promote mitigation of climate change;

(b) Use of full flexibilities contained in the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement, including compulsory licensing;

(c) Differential pricing between developed and developing countries;

(d) Reviewing all existing relevant intellectual property rights regulations in order to provide significant information to remove the barriers and constraints affecting environmentally sound technologies;

(e) Promoting innovative intellectual property rights sharing arrangements for joint development of environmentally sound technologies;

(f) Limited/reduced time patents on climate-friendly technologies;]

97. Developed country Parties and other developed Parties included in Annex II shall take all practicable steps to ensure that intellectual property rights are interpreted and applied in a manner that promotes, and ensures the cost-effectiveness, of mitigation actions in developing country Parties;

*Endogenous capacities and technologies in developing countries*

98. With the objective of promoting mitigation actions, and in pursuance of Article 4.3 of the Convention, developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties through a program of action in all relevant sectors, including energy, transport, industry, agriculture, forestry and waste management sectors, to transfer relevant scientific, technological, technical, socio-economic and other information, knowledge, know-how, practices, processes and technologies relevant to mitigating climate change at developing countries;

*Education*

99. Developed country Parties and other developed Parties included in Annex II, shall take all practicable steps to promote, facilitate and finance efforts by and in developing countries in the fields of education, training and public awareness related to climate change as one cost-effective mechanism to enhance and to promote mitigation actions in developing countries;

*[Hydrofluorocarbons*

100. [*Welcomes the adoption*][*Urges Parties to pursue the adoption*] , under the Montreal Protocol on Substances that Deplete the Ozone Layer, of appropriate measures to progressively reduce the production and consumption of hydrofluorocarbons;

101. *Confirms* that those measures shall be without prejudice to the scope of the Convention and its related instruments;

102. Funding made available for the implementation of such measures, including resources made available through the Multilateral Fund of the Montreal Protocol or any other instruments deemed appropriate by Parties to the Montreal Protocol, should count towards commitments under the UNFCCC;]

*Information and experience*

103. *Recognizes* that non-market-based approaches are important to enhance the cost-effectiveness of, and to promote, mitigation actions;

104. *Invites* Parties to share information and experiences on:

- (a) the removal of fossil fuel subsidies in their national legislation and sovereign policies;
- (b) the phasing down of the production and the consumption of hydrofluorocarbons in collaboration with the Montreal Protocol;
- (c) the promotion of enabling environments for the implementation of clean technologies and climate-friendly investments, taking into account the work done in the relevant UNFCCC processes, in particular on financing and technology transfer;
- (d) the elaboration of ecological standards and the development of global environmental labels through a multi-stakeholder process;
- (e) any other approaches that enhance the cost-effectiveness and the promotion of mitigation actions;

*National centres*

105. National centres can undertake many functions including:

- (a) Join different national entities along with the private sector to collaborate and identify areas of synergy in the realm of climate change;

(b) Identification of ways to control energy consumption and increase its efficiency through national programs and mechanisms of a technical nature while bearing in mind the need for sustainable development;

(c) Help identify configurations and behaviors of consumers thus allowing for a better understanding of how policies would be developed;

*Consideration at COP 18*

106. [*Decides* to consider the establishment of mechanisms, at its eighteenth session, in accordance with the principles in paragraph [x] above, that enhance the cost-effectiveness of, and promote mitigation actions such as:

- (a) Subsidies;
- (b) Taxes;
- (c) Regulation and environmental law;
- (d) Consumption and production;
- (e) Education and capacity-building;
- (f) Net reduction and avoidance of greenhouse gas emissions;
- (g) Warfare impact of greenhouse gas emissions;
- (h) Technology;
- (i) Precautionary measures;]

**VII. Work programme**

107. *Requests* [SBSTA] to elaborate modalities and procedures for a new market-based mechanism, referred to in paragraph [x], with a view to forwarding a draft decision on this matter to the Conference of the Parties for adoption at its eighteenth session. In the elaboration of modalities and procedures, the [SBSTA] shall take into consideration the outcome of the expert workshop to be convened before its 36th session;

108. *Requests* [SBSTA] to elaborate modalities and procedures for new non-market-based mechanisms with a view to forwarding a draft decision on this matter to the Conference of the Parties for adoption at its eighteenth session. In the elaboration of modalities and procedures, the [SBSTA] shall take into consideration the outcome of the expert workshop to be convened before its 36th session;

109. *Decides* to establish a work programme under an ad hoc technical expert committee to draft modalities and procedures for the market-based mechanisms, with a view to recommending a draft decision to the Conference of the Parties for adoption at its eighteenth session. Modalities and procedures to be elaborated include:

- (a) Definition of market mechanisms and their functioning;
- (b) Rules to define sectors or sub-sectors, policies and measures, technologies or other mitigation actions, as well as gases that can be part of the mechanisms;
- (c) Timeframe of the mechanisms;
- (d) Rules for avoiding double-counting;
- (e) Methods for calculating baselines, crediting thresholds and area targets;
- (f) Rules for reviewing and approving baselines, crediting thresholds and area targets;

(g) Rules for the measurement, reporting and verification (in coordination with the relevant processes under the UNFCCC);

(h) Rules for the issuance of ex ante units (trading mechanism) and ex post credits (crediting mechanism);

(i) Rules for tracking units;

110. *Requests* [SBSTA] to undertake a work programme on the development of [market, non-based mechanisms and] various approaches, with a view to recommending a draft decision or decisions to the Conference of the Parties for consideration at its eighteenth session, incorporating lessons from the work and possible synergies and coherence with institutional arrangements currently in place associated to the flexible mechanisms under the Convention[. addressing:] In the elaboration of modalities and procedures, the [x] shall take into consideration the outcome of the expert workshop to be convened before its 36th session addressing:

(a) Modalities and procedures for the mechanism [referred to in paragraphs 77 and 94 above] [including:];

(i) Definition of the trading and crediting mechanisms and their functioning;

(ii) Rules to define sectors or sub-sectors, policies and measures, technologies or other mitigation actions, as well as gases that can be part of the mechanisms;

(iii) Timeframe of the mechanisms;

(iv) Rules for avoiding double-counting;

(v) Methods for calculating baselines, crediting thresholds and area targets;

(vi) Rules for reviewing and approving baselines, crediting thresholds and area targets;

(vii) Rules for the measurement, reporting and verification (in coordination with the relevant processes under the UNFCCC);

(viii) Rules for the issuance of ex ante units (trading mechanism) and ex post credits (crediting mechanism);

(ix) Rules for tracking units;

(b) Specific activities to promote the readiness of Parties that voluntarily decide to participate in the mechanism [referred to in paragraphs 77 and 94 above];

(c) [Measures to ensure the environmental integrity;]

111. *Invites* Parties and admitted UNFCCC observers to submit to the secretariat, by [date], their views on the matters referred to in paragraph [x];

## **VIII. Readiness**

*Option A (paragraphs 112-118):*

*[A. Linkages with other institutional arrangements under the Convention*

112. *Invites* Parties and accredited observed organizations to submit to the secretariat, by 21 February 2012, information concerning rules and procedures for the mechanism referred in paragraphs 77 and 94 focusing on institutional arrangements and technical issues including methodologies with a view to ensure that avoided greenhouse gas emissions are real and verifiable, additional, permanent and without leakage, and that the Financial Mechanism as well as the Technology Executive Committee and the Climate Technology

Centre and Network are coherently coordinated with the new approaches, for synthesis by the secretariat;]

*B. Invitation for provision of support*

113. *Recognizes* the role of public sources of finance in the implementation of market readiness activities;

114. *Encourages* Parties and intergovernmental organizations to pursue capacity-building initiatives, including through pilot schemes, in developing country Parties to enable their participation in market-based mechanisms referred to above;

115. *Agrees* that developed country Parties will provide all necessary means for implementation, in particular financial support, capacity-building and transfer of technologies [for new and on-going pilot programmes] through the institutional arrangements under the Convention [for the full operation of the mechanism referred in paragraphs 77 and 94];

116. In order to maximize the function of new market-based mechanisms in developing countries, sufficient institutional capacities need to be developed in the sectors where the mechanisms are utilized. To this end, developed countries should actively provide capacity building in developing countries;

117. Initiatives outside of the UNFCCC and from other international organizations shall not influence the consideration, creation and elaboration of approaches to enhance the cost-effectiveness of, and to promote, actions on mitigation of climate change nor prejudices the establishment of any new modalities and procedures that shall be established by the Parties under the UNFCCC;

118. Readiness activities shall assist developing countries in capacity building and financing for the implementation of approaches, [or pilot programme,] that enhance cost-effectiveness of mitigation;

*Option B (paragraph 119):*

119. No decision on this matter;

*Option 3 (paragraph 120):*

120. *Decides* to consider, at the eighteenth session of the Conference of the Parties, the establishment of 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;

*Option 4 (paragraph 121):*

121. No decision on this matter.

## **F. Economic and social consequences of response measures**

The status of proposals by Parties under this agenda item is presented under document FCCC/AWGLCA/2011/CPR.37/Add.1.

## CHAPTER III

### Enhanced action on adaptation

*The Conference of the Parties,*

*Recalling* Article 4, paragraphs 3, 4 and 5, and Article 7, paragraph 2(i) of the Convention,

*Recalling* decision 1/CP.16,

*Reaffirming* that adaptation is a challenge faced by all Parties, and that enhanced action and international cooperation on adaptation is urgently required to enable and support the implementation of adaptation actions aimed at reducing vulnerability and building resilience in developing country Parties, taking into account the urgent and immediate needs of those developing countries that are particularly vulnerable,

*Reaffirming also* that enhanced action on adaptation should be undertaken in accordance with the Convention, should follow a country-driven, gender-sensitive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems, and should be based on and guided by the best available science and, as appropriate, traditional and indigenous knowledge, with a view to integrating adaptation into relevant social, economic and environmental policies and actions, where appropriate,

*Acknowledging* the need to strengthen, enhance and better utilize existing institutional arrangements and expertise under the Convention,

*Having* established the Adaptation Framework in decision 1/CP.16, paragraph 13,

*Having* established the Adaptation Committee in decision 1/CP.16, paragraph 20,

*Emphasizing* that the work of the Adaptation Committee should be guided by the principles of the Convention and all its relevant provisions on adaptation, and the need for effectiveness, efficiency, transparency, good governance and avoiding duplication of work, and should take into account gender perspectives,

*Reaffirming* that adaptation in the context of the Convention and as per Article 4, paragraph 8, of the Convention, covers adaptation to the adverse effects of climate change and the adverse impacts of response measures in a comprehensive manner,

#### **Mandate and reporting**

1. *Affirms* that the Adaptation Framework will be elaborated by the Adaptation Committee to provide strategic guidance to adaptation action, projects and programmes;

2. *Affirms* that the Adaptation Committee shall be the overall advisory body to the Conference of the Parties on adaptation to the adverse effects of climate change and the adverse impacts of response measures, and shall promote the implementation of enhanced action on adaptation in a coherent manner under the Convention, inter alia, through the following functions:

(a) Providing technical support and guidance to the Parties, respecting the country-driven approach, with a view to facilitating the implementation of adaptation activities, including those listed in decision 1/CP.16, paragraphs 13, 14 and 15, where appropriate;

(b) Strengthening, consolidating and enhancing the sharing of relevant information, knowledge, experience and good practices, at the local, national, regional and international levels, taking into account, as appropriate, traditional knowledge and practices;

(c) Promoting synergy and strengthening engagement with national, regional and international organizations, centres and networks, in order to enhance the implementation of adaptation actions, in particular in developing country Parties;

(d) Providing information and recommendations, drawing on adaptation good practices, for consideration by the Conference of the Parties when providing guidance on means to incentivize the implementation of adaptation actions, including finance, technology and capacity-building and other ways to enable climate-resilient development and reduce vulnerability, including to the operating entities of the financial mechanism of the Convention, as appropriate;

(e) Considering information communicated by Parties on their monitoring and review of adaptation actions, support provided and received, possible needs and gaps and other relevant information, including information communicated under the Convention, with a view to recommending what further actions may be required, as appropriate;

3. Modalities

(a) Workshops and meetings;

(b) Expert groups and networks;

(c) Compilation, review, synthesis, analysis and reports of information, knowledge, experience and good practice;

(d) Channels for sharing information, knowledge and expertise;

(e) Coordination and linkages with all relevant bodies, programs and institutions, within and outside the convention;

4. *Decides* that the Adaptation Committee shall operate under the authority and guidance of, and be fully accountable to, the Conference of the Parties, which should decide on its policies in line with relevant decisions;

5. *Requests* the Adaptation Committee to report annually to the Conference of the Parties/to the Conference of the Parties through the subsidiary bodies, including on its activities, performance of its functions, guidance, recommendations and other relevant information arising from its work, and, as appropriate, on further action and guidance to other bodies under the Convention, including those relating to the financial mechanism, for consideration by the Conference of the Parties/the subsidiary bodies;

6. *Requests* the Adaptation Committee, in performing its functions, to undertake the following, inter alia, activities:

(a) Preparing an annual or biennial report on the status of adaptation, drawing on information from Parties, and other relevant reports and documents, that includes, inter alia, identified experiences, observed trends, lessons learned, gaps and needs and areas requiring further attention, for consideration by the Conference of the Parties;

(b) Conduct periodic reviews of information, tools and policies that enable effective and enhanced action on adaptation, which could be undertaken through a sectoral lens, including, inter alia, agricultural, health, water and coastal zones, as well as a cross-sectoral lens, including, inter alia, accessing climate information, monitoring, evaluation, and reporting, gender, and stakeholder engagement;

- (c) Reviewing the adequacy of the support provided by developed countries, and reporting to the Conference of the Parties for further guidance, including ensuring that funds which are made available are new and additional and provided on a grant basis directly to the recipient countries;
- (d) Rationalize adaptation workstreams under the Convention, and strengthen the coherence among the various Convention bodies and agenda items;
- (e) Synthesize information and knowledge regarding good adaptation practices from existing resources, for consideration by the Conference of the Parties when providing initial input to the operating entities of the financial mechanism;
- (f) Developing and preparing targeted reports, including analysis and synthesis documents, technical papers, guidance materials, methodologies, compendiums, web-based resources and other knowledge products;
- (g) Serving as the technical panel to the operating entities of the financial mechanism of the Convention, and to other existing and newly established adaptation-related work programmes, bodies and institutions under the Convention including, upon request, by reviewing and assessing information submitted by Parties;
- (h) Receiving proposals for projects and programmes on adaptation from developing countries, evaluating them based on criteria approved by the Conference of the Parties and recommending the selected projects and programmes to a financial window (the Green Climate Fund or other existing windows as appropriate). The Adaptation Committee will only examine the technical aspects of adaptation projects, while financial issues (fiduciary management) will be dealt with by the Green Climate Fund or other fund management mechanisms, as applicable. If support is required for the implementation of the proposed adaptation activities by a country or a group of countries, the Adaptation Committee will seek support from the Climate Technology Centre and Network, and the pertinent financial window will provide the financial resources required to access that suggested technology. To encourage capacity-building in a certain country or a group of countries, the Adaptation Committee may recommend the provision of financial support from the relevant financial window;
- (i) Providing recommendations to the Standing Committee on matters related to adaptation in relation to the needs for and gaps in the support provided and received for adaptation in developing countries and in the development of guidance to the financial mechanism to the Convention;

### **Composition**

7. *Decides* that the Adaptation Committee shall have a majority from developing country Parties and comprise 20/xx members, who shall serve in their personal capacity, and will be nominated by their respective groups or constituencies and elected by the Conference of the Parties, with the aim of achieving a fair, equitable and balanced representation, as follows:

#### *Option 1*

- (a) *(x) members from Africa;*
- (b) *(x) members from Asia;*
- (c) *(x) members from Latin America and the Caribbean;*
- (d) *(x) members from Eastern Europe;*
- (e) *(x) members from Western Europe and Others;*

*Option 2*

- (a) *4/x members from Africa;*
- (b) *4/x members from Asia;*
- (c) *4/x members from Latin America and the Caribbean;*
- (d)

*Option a*

*6/x members from Annex I;*

*Option b*

- (x) members from Eastern Europe;*
- (x) members from Western Europe and Others;*
- (e) *1/x member from small island developing States;*
- (f) *1/x member from least developed country Parties;*

*Option 3*

- (a) *7/x members from Parties included in Annex I to the Convention (Annex I Parties);*
- (b) *7/x members from Parties not included in Annex I to the Convention (non-Annex I Parties);*

*and possibly*

- (c) *2 advisory members each from southern and northern civil society. These advisory members will not participate in consensus under paragraph 15 below;*

8.

*Option 1*

*Urges* Parties to ensure that the membership achieves an appropriate balance of local, indigenous, practical, sectoral, technical, policy, legal, social and financial experience, knowledge and expertise in the areas of impacts, vulnerability and adaptation to climate change, while taking into account the need to achieve gender balance in accordance with decision 36/CP.7;

*Option 2*

*Encourages* Parties to nominate senior experts to the Adaptation Committee, with a view to achieving, within the membership, an appropriate balance of technical, legal, policy and social development expertise relevant to adaptation and vulnerability, taking into account gender balance in accordance with decision 36/CP.7;

9. *Decides* that the Chairs of the Least Developed Countries Expert Group, the Technology Executive Committee and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention should serve as ex-officio members;

**The ‘how’ (procedures, including terms of office, chairmanship, decision-making, meetings, linkages, secretariat and budget)**

10. *Decides* that members and advisory members shall serve for a term of two/three years, and shall be eligible to serve a maximum of two consecutive terms of office, and that the following rules shall apply:

(a) Half of the members shall be elected initially for a term of three years, and half of the members shall be elected for a term of two years;

(b) Thereafter, the Conference of the Parties shall elect members for a term of two/three years;

(c) The members shall remain in office until their successors are elected;

11. *Decides* that if a member of the Adaptation Committee resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Adaptation Committee may decide, bearing in mind the proximity of the next session of the Conference of the Parties, to appoint another member from the same group or constituency to replace said member for the remainder of that member's mandate, in which case the appointment shall count as one term;

12. *Decides* that the Adaptation Committee shall elect annually/biannually a chair and a vice-chair from among its members to serve for a term of one/two year/s each, with one being a member from an Annex I Party and the other being a member from a non-Annex I Party, and that the positions of chair and vice-chair shall alternate annually/biannually between a member from an Annex I Party and a member from a non-Annex I Party;

13. *Decides* that if the chair is temporarily unable to fulfil the obligations of the office, the vice-chair shall serve as chair. In the absence of the chair and vice-chair at a particular meeting, any other member designated by the Adaptation Committee shall temporarily serve as the chair of that meeting;

14. *Decides* that if the chair or vice-chair is unable to complete the term of office, the Adaptation Committee shall elect a replacement to complete the term of office;

15. *Decides* that decisions of the Adaptation Committee shall be taken by consensus;

16. *Decides* that the Adaptation Committee shall convene its first meeting soon after the seventeenth session of the Conference of the Parties at which members of the Adaptation Committee shall be elected;

17.

*Option 1*

*Decides* that, thereafter, the Adaptation Committee shall meet at least twice a year, while retaining its flexibility to adjust the number of meetings to suit its needs;

*Option 2*

*Decides* that the Committee will meet twice every year in conjunction with UNFCCC meetings to enable it to discharge its responsibilities;

18.

*Option 1*

*Encourages* the Adaptation Committee to establish subcommittees, panels, thematic advisory groups or task-focused ad-hoc working groups, if required, to provide, inter alia, expert advice in different sectors and areas, in order to assist the Adaptation Committee in performing its functions and achieving its objectives;

*Option 2*

*Decides* that the Adaptation Committee, in performing its functions, should be able to draw upon expertise, including from the UNFCCC roster of experts, the Nairobi work programme, the Least Developed Countries Expert Group, the Consultative Group of Experts on National Communications from Parties not included in Annex I to the

Convention and the Technology Executive Committee, to provide advice, including as expert advisers at its meetings as needed;

*Decides* that the Adaptation Committee should seek input from advisors drawn from relevant intergovernmental and international organizations, the private sector and civil society in undertaking its work;

*Decides* that the Committee will be able to invite experts who bring in relevant expertise as needed, to participate in its meetings, and to establish task-focused ad hoc working groups;

19. *Invites* relevant intergovernmental agencies to actively participate in sessions of the Adaptation Committee;

20. *Requests* the Adaptation Committee to invite advisers from relevant intergovernmental, international, regional and national organizations as well as the private sector and civil society to participate in its meetings as expert advisers on specific issues, as needed;

21. *Decides* that meetings of the Adaptation Committee shall be open to attendance by accredited observer organizations, except where otherwise decided by the Adaptation Committee, with a view to maintaining a balanced representation of observers from Annex I Parties and non-Annex I Parties;

22. *Affirms*, in implementing paragraphs 20 and 21 above, and given the need to ensure inclusive processes and feedback from the various stakeholders, that the Adaptation Committee should include as observers representatives from civil society, particularly local communities, indigenous peoples, women, and youth and children;

23. *Decides* that English shall be the working language of the Adaptation Committee and that the full text of all outputs of the Adaptation Committee shall be made publicly available via the UNFCCC secretariat's website;

24. *Decides* that the UNFCCC secretariat shall support and facilitate the work of the Adaptation Committee, including supporting its meetings, providing secretarial assistance to the Chair and Vice-Chair, preparing reports and technical papers, and performing any other function assigned by the Adaptation Committee, subject to the availability of resources;

25. *Decides* that the Adaptation Committee shall be funded through the core budget of the UNFCCC, and that the secretariat of the UNFCCC shall serve as the Secretariat of the Committee;

26. *Decides* that the plans, programmes, projects, or activities related to adaptation in developing country Parties, guided by the Adaptation Framework, and as identified through their respective planning processes, national adaptation plans or through national communications consistent with Article 4, paragraphs 4 and 5, of the Convention, including the preparation of national adaptation plans and national adaptation programmes of action, shall be funded by developed country Parties in accordance with Article 4, paragraph 3, including through the operating entities of the financial mechanism and other funds under the Convention and its Kyoto Protocol;

### **Linkages**

27. *Requests* the Adaptation Committee to engage and work closely and in a coordinated manner with and to provide guidance to all existing and newly established adaptation-related work programmes, bodies and institutions under the Convention, including,

#### *Option 1*

As appropriate, through providing guidance, formulating joint programmes of work, undertaking joint activities and convening timely consultations and joint meetings;

*Option 2*

But not limited to:

(a) UNFCCC bodies such as the Nairobi work programme on impacts, vulnerability and adaptation to climate change; the Least Developed Countries Expert Group; and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention;

(b) Thematic bodies such as the work programme on loss and damage and the Technology Executive Committee;

(c) The financial mechanism, and its related institutions and funds such as the Green Climate Fund, the Adaptation Fund and its Board, the Standing Committee, the Least Developed Countries Fund, and the Special Climate Change Fund;

(d) Strengthen linkages with and among institutional arrangements outside of the Convention, including those at the intergovernmental, regional, national and sub-national levels;

(e) Developing guidelines for the preparation of national adaptation plans and other adaptation activities/programmes, as required; in this process, special needs of least developed countries may be given due attention;

(f) Periodically reviewing the modalities made available for support to the formulation and implementation of national adaptation plans, on the basis of feedback provided by the developing country Parties for such purposes;

(g) Periodically reviewing, in cooperation with the Least Developed Countries Expert Group, the modalities made available for the support provided in the formulation and implementation of national adaptation programmes of action, on the basis of feedback provided by the developing country Parties for such purpose;

28. *Requests* the Adaptation Committee to develop linkages with relevant institutions and bodies outside of the Convention, where appropriate, and to guide and draw upon the expertise, as appropriate, of regional adaptation centres and networks and national-level institutions;

**Review**

29.

*Option 1*

*Decides* that the objective, functions and performance of the Adaptation Committee shall be reviewed by the Conference of the Parties at its twentieth session, and thereafter every three years, with a view to ensuring effectiveness and efficiency.

*Option 2*

*Decides* that the Adaptation Committee shall operate for a term of four years, and that the Conference of the Parties will review the progress and performance of the Adaptation Committee and consider whether to extend this term at the twenty-second session of the Conference of the Parties.

## CHAPTER IV

### Finance

#### Standing Committee

*The Conference of the Parties at its seventeenth session,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* Article 7 of the Convention, in particular paragraph 2(h) and (i),

*Pursuant* to the Bali Action Plan (decision 1/CP.13), which recognizes the need for enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation, and technology cooperation,

*Having established* the Standing Committee under the Conference of the Parties as provided for in decision 1/CP.16, paragraph 112, to assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention,

*Reiterating* the need for enhanced and urgent action on the provision of financing resources and investment to support action on mitigation, adaptation and technology cooperation to developing country Parties,

1. *(Option 1) Decides* that the Standing Committee is a subsidiary body of the Convention and should report and make recommendations directly to the Conference of the Parties in accordance with Article 11, paragraph 1, of the Convention at each ordinary Conference of the Parties session, on all aspects of its work, for decisions to be taken by the Conference of the Parties, as may be necessary,

*(Option 2) Decides* that the Standing Committee shall report to the Subsidiary Body for Implementation.

2. *Also decides* that the Standing Committee should assist the Conference of the Parties in the oversight of the financial mechanism to draft guidance regarding the operating entities to ensure that they are accountable to the Conference of the Parties;

3. *Further decides* that the Standing Committee shall assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention in terms of the following:

(a) Improving coherence and coordination in the delivery of climate change financing, including through, the provision of a forum for the exchange of information with bodies dealing with climate change financing, the establishment of a communication platform, providing [draft] guidance to the operating entities of the financial mechanism, the maintenance of linkages with the thematic bodies of the Convention, and the review of available information on climate change finance;

(b) Developing recommendations to rationalize the financial mechanism, including by, *inter alia* enhancing cost-effectiveness and efficiency, avoiding duplication of activities, and ensuring coherence of the guidelines and modalities related to the accessibility of resources;

(c) Mobilization of financial resources, including through, *inter alia* periodic assessments of the needs of developing countries for climate change finance, current and projected flows of public and private finance via all channels, evaluation of potential

options for the mobilization of additional funds, if needed, including their incidence on developing countries, and recommend a scale of assessed contributions, if applicable;

(d) Measurement, reporting and verification of the support provided to developing country Parties, including through, *inter alia*, establishing and managing a financial support registry, assessing information contained in national communications by Parties included in Annex I to the Convention, information received from developing country Parties, and information available from other relevant sources;

3alt *Further decides* that the functions of the Standing Committee shall be to:

(a) Assist the Subsidiary Body for Implementation in drafting the enhanced guidance to the financial mechanism for consideration by the Conference of the Parties by:

(i) Making recommendations on how the consistency and practicality of guidance to the financial mechanism can be improved;

(ii) Reviewing the annual reports of the operating entities of the financial mechanism as well as submissions by Parties pursuant to decision 2/CP.16, paragraph 7;

(iii) Providing expert input into the preparation and conduct of periodic reviews of the financial mechanism by the Conference of the Parties;

(b) Provide to the Subsidiary Body for Implementation a biennial overview of climate finance flows, drawing on various sources of information including, but not limited to national communications and biennial reports of both developed and developing country Parties, annual reports prepared by the operating entities of the financial mechanism, the registry, other publicly available information prepared by climate finance channels outside the Convention, such as the multilateral development banks, intergovernmental organizations that track climate finance, such as the Organization for Economic Co-operation and Development, and available information regarding private finance flows related to mitigation and adaptation;

4. *Also decides* that the Standing Committee shall perform any other functions that may be assigned to it by the Conference of the Parties related to the mandate contained in paragraph 3 above;

5. The composition and working modalities of the Standing Committee are contained in an annex VI to this decision.

## Long term finance

*The Conference of the Parties at its seventeenth session,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* paragraph 1(e) of the Bali Action Plan (decision 1/CP.13),

*Further recalling* paragraphs 18 and 97 through 101 of decision 1/CP.16,

*Recognizing* that recent estimates of international financial flows and investments required to fully address the adaptation, mitigation, technology and capacity-building needs of developing countries are in the range of several hundreds of billions of USD per year,

*Also recognizing* the importance of public finance in supporting climate-related investments in developing countries, including adaptation measures in the most vulnerable and least developed countries,

*Further recognizing* that institutional investors such as pension funds, sovereign wealth funds and insurers control trillions of USD seeking long-term investment opportunities,

*Emphasizing* that any funding pledged outside the Convention shall not be regarded as a fulfillment of the legally binding commitments of developed country Parties and other developed Parties included in Annex II under Article 4, paragraph 3 of the Convention and under paragraph 98 of the Cancun Agreements (decision 1/CP.16),

*Recognizing* the evolution over time in developing countries' needs and their ability to contribute to climate finance,

*Also recognizing* the priority of developing country Parties that are particularly vulnerable to the adverse impacts of climate change and the adverse impacts of response measures including economic diversification,

1. *(Option 1) Decides* that developed country Parties should significantly scale up their provision of predictable, new and additional, and adequate finance, without reduction, interruption or suspension, from present levels to at least USD 100 billion per year, as soon as possible, and no later than 2020, to ensure there is no gap in climate change financing between 2012 and 2020;

*(Option 2) Decides* that the developed country Parties and other developed Parties included in Annex II shall provide a clear work plan on their pledged assessed contributions post 2012 and up to 2020 for approval by the Conference of the Parties at its seventeenth session;

*(Option 3) Emphasizes* the importance of continuing to provide ongoing support beyond 2012 to address the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change;

2. *Urges* Parties to take concerted action to identify and implement means to facilitate large-scale private investment in low-carbon, climate-resilient infrastructure in developing countries;

3. *Urges* developing country Parties to promote transparency and good governance and improve regulatory and economic policies that reduce investment risks;

4. *(Option 1) Decides* that all adaptation finance shall be provided in the form of grants and, wherever possible, through direct access;

*(Option 2) Decides* that all developing country Parties are eligible to direct and facilitated access to the long-term finance, to cope with the impacts of climate change and the implications of response measures;

5. *(Option 1) Decides* that the main/major source of funding shall be public sources; complementary/supplementary funding may come from private sources, as well as through multilateral and bilateral channels,

*(Option 2) Reaffirms* that, in accordance with paragraph 1(e) of the Bali Action Plan, funds provided to developing country Parties may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources;

*(Option 3) Decides* that new and additional financial support provided by developed country Parties to developing countries shall be replenished from a wide variety of sources, mainly public sources, and including through:

(a) Public sources building on the commitments of the fast start finance referred to in paragraph 95 of decision 1/CP.16, and reaching at least USD 100 billion annually in 2020, based on an assessed scale of contributions;

(b) Predictable and sustainable financial resources reaching XX per cent annually of the aggregate gross domestic product of all Partiesw included in Annex I to the Convention by 2020, based on assesment reports of the needs of developing countries;

(c) Other potential supplementary sources of finance including market based, alternative and innovative sources;

6. *Decides* that in accordance with Article 4, paragraph 3, of the Convention, and to ensure adequacy and predictability of the flow of support to developing countries, a burden sharing mechanism be established to identify the flows of financial support from developed countries, including through the application of an assessed scale of contributions by developed countries;

7. *Recognizes* that each Party determines the mode and source of its contributions in support of the goal of mobilizing USD100 billion referenced in decision 1/CP.16, paragraph 98;

8. *Decides* that adequate and predictable financial support shall be provided to developing countries and that equitable allocation of financial resources will be followed, including through criteria based on geographical distribution and/or needs, including urgent and immediate needs related to climate change, while ensuring balance between adaptation and mitigation;

9. *Decides* that a mechanism shall be established to assess the incidence of the new and innovative sources of finance on developing country Parties and that the financial instruments or economic and environmental measures to be employed by developed country Parties, if any, for raising new and additional resources should have no incidence on any developing countries or their entities, and the fiscal or economic effects such instruments or measures must be contained within the national boundaries of the respective countries;

10. *Decides* that developed country Parties and other developed Parties included in Annex II shall cover the full costs of any incidence on developing country Parties associated with the implementation of new or innovative sources of fund as stated in Article 4, paragraph 7, of the Convention;

11. *Decides* to commence work on a new framework to ensure greater transparency and consistency in reporting on the provision of long-term financing by developed country Parties, taking into consideration lessons learned from the fast-start financing period and the expert reviews of developed country Parties' national communications;

12. *Decides* to establish a work programme on the following:

(a) Different assessments and evaluations of the financial needs of developing countries;

(b) Options for identifying and mobilizing sources of long-term financing by developed countries, and their impacts and incidence on developing countries;

(c) Approaches to avoid a gap in the provision of climate change finance after the 2010-2012 fast-start financing period;

taking into consideration relevant reports including the report of the High-level Advisory Group on Climate Change Financing and the report on mobilizing climate finance in the context of G20;

13. *Invites* Parties, international financial institutions and relevant United Nations agencies to submit their views by [date], on the subjects covered by the work programme established in paragraph 12 above;

14. *Requests* the secretariat to compile and prepare a synthesis of these submissions by Parties in time for consideration by the Ad-Hoc Working Group on Long-term Cooperative Action at its next session;

15. *Requests* the secretariat to organize, from now and until the eighteenth session of the Conference of the Parties, [X] technical workshops as indicated in the annex VII to this document, open to representatives from Parties, international financial institutions, relevant United Nations agencies and organizations, accredited observer organizations and other relevant stakeholders on the subjects covered by the work programme established in paragraph 12 above;

16. *Requests* the secretariat to prepare a report on the workshops referred to in paragraph 15 above,

*(Option 1)* to be made available at the eighteenth session of the Conference of the Parties;

*(Option 2)* for consideration by the eighteenth session of the Conference of the Parties with the aim of adopting a decision on sources of long-term finance;

17. *Notes* the information provided by developed country Parties through the finance portal of the secretariat, on their collective commitment to provide new and additional resources to developing country Parties approaching USD 30 billion for the period 2010-2012;

18. *Urges* developed countries to enhance the transparency of the fulfilment of their commitment to the fast-start funding, in particular regarding the implementation of a burden sharing process, securing additionality and predictability of these funds and the ways in which developing country parties can access these resources ;

19. *Welcoming* the initial pledges made by some developed country Parties towards the initial capitalization of the Green Climate Fund and encourages other developed country Parties to contribute to the fund to ensure its rapid operationalization;

20. *Requests* developed country Parties to commit to the initial capitalization of the Green Climate Fund without delay, such capitalization to include:

(a) The full running costs entailed in operationalizing the Green Climate Fund before the eighteenth session of the Conference of the Parties, including the funding required for the formation and operating costs of the board and secretariat of the Green Climate Fund;

(b) A substantial first tranche of funding such that the Green Climate Fund is in a position to commence disbursement of funds to developing countries for the purposes of, inter alia, adaptation, mitigation, capacity-building and technology transfer by 2013,

21. *(Option 1) Agrees* that a significant portion of new multilateral climate financing should flow through the Green Climate Fund; and that allocation of these resources should be balanced between adaptation and mitigation;

*(Option 2) Decides* that a balanced allocation between mitigation and adaption shall be ensured by an allocation of at least 50 per cent to the adaptation window of the Green Climate Fund and that, when allocating adaptation finance, attention shall be paid to particularly vulnerable countries in accordance with Article 4, paragraph 9 of the Convention;

*(Option 3) Reaffirms* that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund.

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## CHAPTER V

### Technology development and transfer

*The Conference of the Parties,*

*Recalling* the commitments under the Convention, in particular Article 4, paragraphs 1, 3, 5, 7, 8 and 9,

*Recalling* paragraph 1(d) of decision 1/CP.13, to enhance action on technology development and transfer to support action on mitigation and adaptation,

*Reaffirming* that the objective of enhanced action on technology development and transfer is to support action on mitigation and adaptation in order to achieve the full implementation of the Convention and that, in pursuit of this objective, the identification of technology needs will be based on a country-driven approach and national circumstances and priorities,

*Underlining* the importance of nationally determined technology needs, based on national circumstances and priorities, the setting of appropriate enabling environments to scale up the development and transfer of technologies in developing countries and the need to accelerate action at different stages of the technology cycle,

*Noting* the establishment of a Technology Executive Committee, and a Climate Technology Centre and Network in the Cancun Agreements, and their respective functions,

*Recalling* decision 1/CP.16, paragraph 128, on the work programme for the Ad Hoc Working Group on Long-term Cooperative Action on technology development and transfer with a view to the Conference of the Parties taking a decision on, among other things, a call for proposals to host the Climate Technology Centre and Network and the criteria to be used to evaluate and select a host of the Climate Technology Centre and Network at its seventeenth session in order to make the Technology Mechanism fully operational in 2012,

*Stressing* the importance of making its two components, the Technology Executive Committee and the Climate Technology Centre and Network, fully operational as soon as possible in 2012 in order to promote and enhance the research, development, deployment and diffusion of environmentally sound technologies in support of action on mitigation and adaptation in developing countries, in order to achieve the ultimate objective of the Convention,

*Recalling* the Climate Technology Centre and Network and the Technology Executive Committee shall relate so as to promote coherence and synergy,

*Note: The following two paragraphs to be considered as part of the pre-ambular text.*

*[Decides* that both components of the Technology Mechanism shall facilitate the implementation of the objective set out in decision 1/CP.16, paragraph 113, in line with their respective functions already agreed in 1/CP.16 and consistent with the mandate of the Technology Executive Committee, contained in annex V to decision 1/CP.16 and the terms of reference for the Climate Technology Centre and Network contained in annex VIII, paragraphs 1–40 to this decision, respectively;

*Agrees* to further pursue the implementation of the Technology Mechanism and its two components with a view to making the Technology Mechanism fully operational as early as possible in 2012;]

*{Governance structure and terms of reference for the Climate Technology Centre and Network}*

1. *Adopts* the terms of reference for the Climate Technology Centre and Network as contained in annex VIII, paragraphs 1–40 to this decision;
2. *Decides* that the Climate Technology Centre and Network shall begin its activities [with an achievable scope of work] [so as to meet the needs of developing countries] and be flexible so that it can learn, adapt and [expand] [adjust] its scope and reach over time in response to the [technology] needs of developing countries and the demands of the emerging international climate change regime;

*{Selection process and call for proposals}*

3. *Decides* that the selection process for the host of the Climate Technology Centre and Network shall be launched [immediately] upon the conclusion of the [seventeenth][XX] session of the Conference of the Parties and be conducted in an open, transparent, fair and neutral manner in accordance with the selection [procedure] [criteria] as contained in the annex to this decision and [with] [taking into account] [informed by] the United Nations practices in order to make the Technology Mechanism become fully operational in 2012;

4. *Requests* the secretariat:

- (a) To issue the call for proposals from interested organizations to host the Climate Technology Centre and Network;

- (b) To provide relevant information to interested organizations and the detailed elements of how the proposals should be structured;

- (c) To compile [the] executive summaries of the proposals received and distribute them to Parties;

- (d) To make the [entire proposals][executive summaries] available on the UNFCCC website;

4 alt *Requests* the secretariat to issue the call for proposals specified in XX to this decision;

5. *Invites* interested organizations to submit their proposals to the secretariat by XX XXX 2011, with information as specified in annex IX, paragraphs 4–8 to this decision;

5 alt *Invites* interested Parties and organizations to submit their proposals as specified in annex X to this decision;

*Option 1:*

6. *Requests* [the secretariat to convene a [selection] [evaluation] committee of [six][eight to ten] members (three expert nominees put forward by Parties included in Annex I to the Convention (Annex I Parties) and three expert nominees put forward by Parties not included in Annex I to the Convention (non-Annex I Parties))][the Technology Executive Committee] to review the proposals based on the evaluation criteria contained in annex IX, paragraphs 1–3;

6 alt *Requests* the ... to initiate the selection process as specified in annex X to this decision, with a view to recommending a decision on the choice of the organization to host the Climate Technology Centre and Network for adoption by the Conference of the Parties at its eighteenth session;

7. *Requests* [the [selection][evaluation] committee referred to in paragraph 6 above][the Technology Executive Committee] to recommend by consensus the organization to be selected as the host of the Climate Technology Centre and Network [for

consideration by the subsidiary bodies at their thirty-sixth sessions], with a view to recommending a decision for adoption by the Conference of the Parties at its eighteenth session;

*Option 2:*

8. *Requests* the secretariat to launch the procedure for a call for proposals to host the Climate Technology Centre consistent with the provisions contained in the annex to the decision, starting in January 2012 and to be concluded in April 2012, and to compile and undertake an initial assessment of the proposals taking into account the selection criteria contained in annex IX, paragraphs 1–3 to be made available for consideration by the SBI at its thirty sixth session.

9. *Requests* the Subsidiary Body for Implementation at its thirty-sixth session to decide upon the host institution of the Climate Technology Centre.

*{Budget, financial means of the Climate Technology Centre and Network}*<sup>1</sup>

10. *[Decides* that the costs associated with the operations of the Climate Technology Centre and Network shall in the short term be met from existing bilateral and multilateral sources of funding, and in the long term from the Green Climate Fund as well as be funded from various sources, for example possibly including the financial mechanism of the Convention, bilateral, multilateral and private sector channels, [Parties requesting services from the CTCN] as well as in-kind contributions from the host organization and participants of the Network;]

11. *[Requests* developed country Parties and other developed country Parties included in Annex II to the Convention to support the Climate Technology Centre and Network through the provision of financial and other resources;]

*{Relationship between the Technology Executive Committee and the Climate Technology Centre and Network, and their reporting lines}*

*Note: Placeholder for relationship between the Technology Executive Committee and the Climate Technology Centre and Network, and their reporting lines*

*{Potential links between the TM and the financial mechanism, and other institutions under the Convention}*

*Note: Placeholder for potential links between the TM and the financial mechanism, and other institutions under the Convention*

12. *Decides* that the Technology Executive Committee and the Climate Technology Centre shall achieve coherence and maintain interactions with other relevant institutional arrangements under and outside of the Convention, [notably by promoting synergies and consultations between the Technology Executive Committee and the Adaptation Committee, as appropriate, or by consulting and seeking input from other international relevant organizations];

12 alt [The components of the Technology Mechanism, particularly the Technology Executive Committee, shall, in the fulfillment of its mandate in accordance with paragraphs 120 and 121 of decision 1/CP.16, have the following links with the Financial Mechanism and other institutions under the Convention:

(a) As a thematic funding window of the Green Climate Fund and through mechanisms to be set up under the Green Climate Fund;

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<sup>1</sup> To be considered together with annex VIII, paragraph 11–12.

(b) To provide information, advise and recommendations on matters related to technology transfer to the Standing Committee;

(c) As active implementation and strategic partner of existing institutions under the Convention from where specific or broad classes of technologies may be accessed and diffused, including but not limited to the Adaptation Committee and other entities that deal with mitigation and capacity-building.

The Climate Technology Centre and Network, upon guidance by the Technology Executive Committee, shall also establish links with the above entities and bodies within and outside of the UNFCCC, as appropriate, to enable it to fulfill its mandate in accordance with paragraph 123 of decision 1/CP.16.]

*{Additional function of the Technology Executive Committee and the Climate Technology Centre and Network}*

*Note: placeholder for additional functions of the Technology Executive Committee and the Climate Technology Centre and Network to be elaborated by Parties*

## CHAPTER VI

### Capacity-building

1. *Requests* the Subsidiary Body of Implementation to further enhance the monitoring and review of the effectiveness of capacity-building by organizing an [annual] [biennial] in-session [in-depth discussion] [forum] with relevant experts and practitioners, representatives from relevant bodies established under the Convention, and Parties to the Convention with a view to sharing experiences, exchanging ideas and best practices and lessons learned related to the implementation of capacity-building activities;
  2. *Requests* the secretariat to compile and synthesize the reports prepared by relevant bodies established under the Convention since the most recent session of the [in-depth discussion] [forum];
  3. *Decides* that the above-mentioned [in-depth discussion] [forum] should include as inputs, inter alia, any capacity-building elements contained in reports prepared by relevant bodies established under the Convention since the most recent session of the [in-depth discussion] [forum];
  4. *Requests* the secretariat to prepare a summary report of the [in-depth discussion] [forum];
  5. *Encourages/Invites* Parties to continue to provide information on capacity-building through appropriate channels, including national communications, on progress made on enhancing capacity to address climate change;
  6. *Requests* the secretariat to continue to compile and synthesize the information provided by Parties in their national communications and submissions and from relevant Convention bodies and international and regional organizations on capacity-building activities including lessons learned;
  7. *Further requests* the Subsidiary Body for Implementation, in its consideration of the third comprehensive review, and of subsequent reviews of the framework for capacity-building, to include the reports of the relevant bodies established under the Convention, as well as the summary report(s) of the [in-depth discussion] [forum] noted above, as additional inputs to this review;
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## CHAPTER VII

### **Review: further definition of its scope and development of its modalities**

#### **[Further definition of its scope]**

##### *[Category 1]*

1. *Recalling* decision 1/CP.16, paragraphs 4, 138 and 139, [which decided] to periodically review the adequacy of the long-term global goal, in the light of the ultimate objective of the Convention, and the overall progress made towards achieving it, in accordance with the relevant principles and provisions of the Convention;

##### *[Category 2]*

2. *Reaffirming* that the review is not a review of the Convention itself and that it aims at assessing the implementation of commitments under the Convention,

3. *Also reaffirming* that the adequacy of the long-term global goal can only be understood in the context of such a goal leading to the achievement of the objectives of the Convention under Article 2, with a view to identifying gaps to achieving the ultimate objective of the Convention and enabling the full, effective and sustained implementation of the Convention,

4. The review should assess: the adequacy of the long-term global goal, in the light of the ultimate objective of the Convention, and the overall progress made towards achieving it, in accordance with the relevant principles and provisions of the Convention; the adequacy of the implementation of the commitments under the Convention, in particular the adequacy and effectiveness of the binding and ambitious emission reduction commitments of Parties included in Annex I to the Convention and the commitments of Parties included in Annex II to the Convention for the provision of financial resources and the transfer of technology and capacity-building to developing countries, given that the extent of adaptation costs is contingent on meeting the necessary emission reduction commitments;

5. The review should include the assessment of: adverse social and economic impacts on developing country Parties; and the adequacy and effectiveness of enablement and support, including finance, technology and capacity-building provided to developing countries under the Convention in relation to their adaptation and voluntary mitigation actions;

*[paragraphs 6-9 were deleted]*

#### **[Modalities]**

##### [Principles and guidelines]

10. The review shall be guided by the principles of the Convention, especially the principles of equity and common but differentiated responsibilities and respective capabilities;

11. The review shall be conducted in accordance with relevant provisions of the Convention, in particular Article 2, Article 4, paragraphs 1, 2(b) and (d), 3, 5 and 7, Article 7, paragraph 2(e), Article 10, paragraph 2(a) and (b), Article 12, paragraph 1, and Article 12, paragraph 2, of the Convention;

12. *Acknowledges* that the review process should be transparent and inclusive, Party-driven, efficient and respect the timeline, that the preparations for the review should be efficient and should not duplicate relevant activities being undertaken under the Convention, its Kyoto Protocol and the subsidiary bodies, and that Parties may wish to take into account the results of these activities in preparing for the review;

13. *Agrees* that the periodical reviews should be further consistent with the reporting cycles of the mechanism under the Convention on means of implementation by the finance mechanism, Technology Mechanism and the Cancun Adaptation Framework;

[Inputs]

*[This section contains a mixture of inputs (documents that we will look at) and considerations (discussions we will have as the result of reading them). For example, paragraphs 14, 15, 16, 18, 19, 20 and 21 could be seen as considerations and could be moved to activities; the sub-paragraphs under paragraph 31 are mainly inputs; one input can provide information for several considerations]*

*[The section contains a mixture of types of information and source of information]*

*[Specific bullets can be associated to category 1 or 2, as defined under the scope; for example, paragraphs 14, 17, 18, 31(a) and (c) could be associated to category 1]*

*[The inputs could be grouped by: science and impacts (paragraphs 14, 17, 18); emissions reductions (paragraphs 15, 16, 23, 24); and means of implementation/ impacts (paragraphs 19, 20, 25, 26, 27, 28)]*

14. The science and impacts of climate change;

15. The effectiveness of mitigation actions undertaken, expected emissions trends and implications for progress towards the long-term global goal;

16. Emission pathways, policies and measures, technology availability, technology availability projection and cost projections to assess the feasibility of lowering the 2 °C goal;

17. Avoided damage and the benefits of lowering the long-term global goal to 1.5°C;

18. Elements relating to strengthening the long-term global goal, referencing various matters presented by the science, including in relation to a global temperature rise of 1.5°C;

19. Economic circumstances and capabilities;

20. Equitable access to sustainable development;

21. The implications of trends in emissions and capabilities for mitigation, finance, reporting and other responsibilities under the Convention;

22. The social and economic impacts on Parties seeking to achieve the long-term global goal, especially the cost and impact on poverty eradication and on the economic development of developing countries;

23. The economic and technological feasibility of developing countries achieving the long-term global goal;

24. The inadequacy of commitments of Parties included in Annex I to the Convention for the second commitment period of the Kyoto Protocol and comparable commitments by Parties included in Annex I to the Convention that are not Parties to the Kyoto Protocol towards meeting the long-term global goal required by science and on the basis of equity and historical responsibility;

*[The paragraphs 25-28 could be rephrased to reflect the idea of considerations]*

25. Adequacy of means of implementation, finance, technology and capacity-building support for developing countries to fulfil their mitigation and adaptation obligations under the Convention, consistent with the principles of the Convention;

26. The financial and technological needs of Parties not included in Annex I to the Convention to undertake adaptation and mitigation actions to contribute, on the basis of equity, towards the achievement of the long-term global goal;

27. The extent to which the finance provided by developed countries to developing countries is “new and additional”, adequate, predictable, stable, timely, grant-based and channelled through the Convention’s financial mechanism;

28. The types and extent of technologies being transferred by developed countries to developing countries and the extent to which such technology transfer has been effective in supporting adaptation and mitigation actions by developing countries;

29. The assessment of the overall aggregate effect of mitigation actions by developing country Parties in the context of sustainable development that are supported and enabled by technology, financing and capacity-building pursuant to Article 4, paragraph 7;

*[Paragraph 30 could be deleted]*

30. Any other relevant aspects deemed important for the review;

*[The information sources could be grouped as coming out of the Convention process (paragraphs 31(b), (c) and (i)) or external to the Convention process (paragraphs 31(a), (d), (e), (f), (g)]*

31. The review should be based on an extensive amount of information from various sources, including:

*[The examples in paragraph 31(a) could be deleted]*

(a) The assessment reports of the Intergovernmental Panel on Climate Change and relevant special reports of the Intergovernmental Panel on Climate Change (e.g. the Fifth Assessment Report, the Special Report on Renewable Energy Sources and Climate Change (SRREN), the Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation (SREX), and the Special Report on Emissions Scenarios (SRES));

(b) National communications, first biennial update reports from developing countries and biennial reports from developed countries (including emission trends, projection and the results of mitigation actions), national inventories of greenhouse gases, reports of measurable, reportable and verifiable processes, such as international consultation and analysis, international analysis and review, and other relevant national reports;

(c) Targeted submissions by Parties and technical papers on various elements of the review, including on the observed impacts of climate change;

*[The examples in paragraph 31(d) could be deleted]*

(d) Reports on emission projections as inputs to aggregate numbers (e.g. the International Energy Agency, the Special Report on Emission Scenarios of the Intergovernmental Panel on Climate Change and the United Nations Advisory Group on Energy and Climate);

*[The examples in brackets could be deleted]*

(e) Reports on the capabilities of countries and technology development and deployment (e.g. by the Intergovernmental Panel on Climate Change, the International Energy Agency, the International Renewable Energy Agency, the Renewable Energy Policy Network for the 21<sup>st</sup> Century Global Status Report, the Renewable Energy and Energy Efficiency Partnership and the World Economic Forum);

*[The examples in paragraph 31(f) could be deleted]*

(f) Reports on gross domestic product, including projections (e.g. by the International Monetary Fund and the World Bank), population and mitigation cost provided by the Intergovernmental Panel on Climate Change, and individual and collective barriers to further efforts (country input);

*[The reference to specific organizations could be deleted]*

(g) Other relevant reports, [from international organizations] such as those from the United Nations Environment Programme (e.g. the Emissions Gap Report), the Montreal Protocol, the United Nations Advisory Group on Energy and Climate, and other reports from the International Energy Agency, the International Civil Aviation Organization, the International Maritime Organization, the Food and Agriculture Organization of the United Nations, the Convention on Biological Diversity, the United Nations Convention to Combat Desertification, the World Meteorological Organization, the United Nations International Strategy for Disaster Reduction, and from regional organizations, [institutions with relevant expertise];

(h) Peer-reviewed scientific information on the observed impacts of climate change, including those coordinated by relevant regional and subregional agencies;

*[A reference to national communications was already made in paragraph 31(b) and could be deleted]*

(i) National communications and reporting mechanisms under the Convention on finance and technology transfer, including reports by intergovernmental and multilateral organizations, and technical reports that can provide further information on these aspects;

*[Paragraph 31(j) could be deleted]*

(j) Any other relevant information sources deemed important for the review;

*[Paragraph 31 (k) was indented because it could be seen as an information source and could be deleted]*

(k) Decides to feed the results of the international consultation and analysis/international assessment and review into the review process as soon as they become available.

[Body to oversee the review]

*[Category 1 – existing bodies]*

*[Paragraphs 32 and 33 could be merged]*

32.0 The review [shall][should] be conducted under the authority of the COP and conducted by the [Subsidiary Bodies [with technical/inter-sessional support, as appropriate]][Review Expert Body].

32. *Recalling* the relevant paragraphs of decision 1/CP.16, *decides* that the review [shall][should] be conducted [by][under the authority of] the Conference of the Parties, [with the [advice][assistance] of][through][by] the [Subsidiary Body for Scientific and

Technological Advice and the Subsidiary Body for Implementation][Review Expert Body][, with technical/inter-sessional support, as appropriate]);

33. The review should be conducted under the existing subsidiary bodies for the Conference of the Parties' decision;

33.1 The [Subsidiary Bodies][Review Expert Body] will report annually to the COP for its guidance.

*[Category 2 – non descriptive. This category could be deleted]*

34. An appropriate mechanism for the review should be established and should be guided by the principles mentioned in the first bullet point under the heading “Principles and guidelines”;

35. An institutional arrangement for the review, such as a committee of the Conference of the Parties or an expert group;

*[Category 3 – new advisory expert body]*

36. *Decides* that the 2013–2015 review shall be guided by an advisory expert body [under the authority of the Conference of the Parties][the Review Expert Body], which will conduct a technical phase during 2013 and 2014 and make recommendations on the issues referred to in decision 1/CP.16, paragraph[s] [4 and ]138, (being the adequacy of the 2 °C goal and the overall progress to achieve it, to the Subsidiary Body for Scientific and Technological Advice at its forty-second session in 2015);

*[Terms of reference]*

37. *Also decides* that the review Expert Body shall have 40 members, with 20 members from developed country Parties and 20 members from developing country Parties, with members having expertise, knowledge and skills, in the area of climate change science and mitigation;

38. *alt.* The Review Expert Body shall be composed of 40 members, with 15 members being from developed country Parties and 25 members from developing country Parties, with the following composition:

- (a) Seven members from Africa;
- (b) Seven members from Asia-Pacific;
- (c) Seven members from the Group of Latin American and Caribbean States;
- (d) Two members from small island developing States;
- (e) Two members from least developed countries.

39. The members of the Review Expert Body shall have expertise, knowledge and skills in the area of climate change science, mitigation, adaptation and the observed impacts of climate change.

40. *Invites* the Executive Secretary of the secretariat, in consultation with the President of the Conference of the Parties, to convene the initial meeting of the Review Expert Body in early 2012; the meetings of the Review Expert Body will be open to observers;

41. *Requests* the Review Expert Body to convene no less than three meetings a year during the technical phase [2013–2014] and to conduct periodic consultative workshops inviting representation from all Parties [in coordination with meetings of the Subsidiary Body for Scientific and Technological Advice];

42. *Requests* the Secretariat, in consultation with the President of the Conference of the Parties, to make arrangements enabling relevant United Nations agencies, and the secretariat to second staff to support the work of the Review Expert Body;

43. *Agrees* that the Subsidiary Body for Scientific and Technological Advice will consider the advice of the Review Expert Body [during 2015] and will provide recommendations to the twenty-first session of the Conference of the Parties in 2015, on immediate and appropriate mitigation actions and pathways;

44. *alt.* The Review Expert Body will report to the Conference of the Parties at its nineteenth session on progress made in fulfilling its task, and will present at the twentieth session of the Conference of the Parties a report on its findings and recommendations on the issues referred in decision 1/CP.16, paragraph[s] [4 and] 138. Based on the report, the Conference of the Parties, at its twentieth session, will consider the advice and recommendations of the Review Expert Body and will establish an ad hoc working group or appropriate negotiating body with a lifespan of one year to develop options for appropriate action pursuant to decision 1/CP.16, paragraph 139(c), for consideration and action by the Conference of the Parties at its twenty-first session in 2015.

**[Activities and timeline]**

*[Could be grouped based on the stages of the review (preparation of the review, technical assessment and conducting the review)]*

*[Activities could be grouped by the type of activities (e.g., organizing workshops, reporting to the COP, consideration of the inputs)]*

45. *Decides* that the review should consist of several phases, including the preparation of the review through information gathering and compilation; technical assessment; preparation of conclusions and recommendations; and consideration of actions and follow-up actions;

*[Paragraphs 46 and 47 could be merged; they are related to specific activities]*

46. The activities and timelines for the first review are provided in the Annex X to this document;

47. *Requests* the [Body] and the secretariat to undertake the activities identified in the Annex X;

48. A process under the Convention has to be established to allow Parties to deal with relevant information for the review;

49. *Decides* that subsequent reviews should take place following the adoption of an assessment report of the Intergovernmental Panel on Climate Change or at least every [X] years;

**[Appropriate action by the Conference of the Parties]**

*[Category 1 - Reference to action by the COP; this category can be further divided in 3 sub-categories]*

50. Assessment of the adequacy of the effort made to achieve the long-term goal and what action needs to be taken;

51. Consider the recommendations of the review regarding how the structure and content of the climate change regime should reflect evolving responsibilities and capabilities of Parties in order to achieve the long-term global goal;

52. Consider options and recommend action for achieving emission trajectories consistent with the long-term goal;

53. Consider adequacy of agreed objectives for providing finance to developing countries, the effectiveness of technology transfer to developing countries, the adequacy of adaptation support in relation to the agreed to global temperature goal, and for submitting recommendations to the Conference of the Parties for consideration at its twenty-first session;

*[Category 2 - No reference to the action by the COP]*

54. The review should not prejudge the action to be taken by the Conference of the Parties.

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## CHAPTER VIII

### **Continued discussion on legal options with the aim of completing an agreed outcome based on decision 1/CP.13, the work done at the sixteenth session of the Conference of the Parties and proposals made by Parties under Article 17 of the Convention**

#### *Option 1*

Decides to develop and finalize a protocol pursuant to Article 17 of the Convention (content, time frame and forum under consideration).

#### *Option 2*

Decides to complete the agreed outcome based on decisions 1/CP. 13 and 1/CP.16 through a series of decisions or legally binding instruments.

#### *Option 3*

Requests the AWG-LCA to continue discussing legal options with the aim of completing an agreed outcome based on decisions 1/CP.13 (Bali Action Plan), 1/CP.16, the work done at the seventeenth session of the Conference of the Parties and proposals made by Parties under Article 17 of the Convention.

#### *Option 4*

No decision.

## CHAPTER IX

### **Other matters**

#### **A. Matters related to Parties included in Annex I to the Convention undergoing the process of transition to a market economy**

1. *Invites* Parties to continue to discuss the provision of capacity building, financial, technical and technology transfer assistance to Parties included in Annex I to the Convention undergoing the process of transition to a market economy in order to assist these Parties in the development and implementation of their national low-emission development strategy and action plans consistent with their priorities and with their emission reduction targets.

2. *Invites* multilateral and bilateral agencies to coordinate their activities in supporting Parties included in Annex I to the Convention undergoing the process of transition to a market economy.

#### **B. Matters related to Parties included in Annex I to the Convention whose special circumstances are recognized by the Conference of the Parties**

3. *Invites* Parties to continue to discuss the provision of support for mitigation, adaptation, technology development and transfer, and capacity building, as well as financial support, to Parties whose special circumstances are recognized by the Conference of the Parties in order to assist these Parties in the implementation of the Convention.

## Annex I

### **Draft UNFCCC biennial reporting guidelines for developed country Parties<sup>1</sup>**

#### **I. Objectives**

1. The objectives of these guidelines for preparing the biennial reports are the following:

(a) To assist developed country Parties in meeting their commitments for reporting under Articles 4 and 12 of the Convention enhanced by decision 1/CP.16;

(b) To promote the provision of consistent, transparent, comparable, accurate and complete information by developed country Parties;

(c) To ensure that the biennial reports include information on the progress of developed country parties in achieving emission reductions, including information on mitigation actions to achieve their quantified economy-wide emission reduction targets and commitments, emission reductions achieved, projected emissions and the provision of financial, technological and capacity-building support to developing country Parties;

(d) To facilitate the international assessment and review of emissions and removals related to progress towards the quantified economy-wide emission reduction targets and commitments by developed country Parties [increasing the level of ambition of the quantified economy-wide emission reduction targets] in accordance with the commitments under the Convention and the provision of financial, technological and capacity-building support to developing countries;

(e) [To assist the Conference of the Parties in carrying out its responsibilities under the Convention and in relation to the 2013–2015 and subsequent periodic reviews;]

(f) [To demonstrate that developed country Parties are fulfilling their obligations to reduce the adverse impact of their mitigation actions on developing country Parties.]

#### **II. Information on greenhouse gas emissions and trends**

2. Developed country Parties shall report summary information on greenhouse gas (GHG) trends by sector and by gas (table I1) that shall be consistent with that provided in the most recent annual inventory prepared using the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: [Revised] UNFCCC reporting guidelines on annual [greenhouse gas] inventories” (revised UNFCCC Annex I reporting guidelines on annual inventories).<sup>2</sup> Parties shall provide the

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<sup>1</sup> The common reporting format tables referred to in the draft UNFCCC biennial reporting guidelines for developed country Parties are placed on the UNFCCC website at [http://unfccc.int/files/meetings/ad\\_hoc\\_working\\_groups/lca/application/pdf/20111202\\_br\\_tables\\_1700.pdf](http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111202_br_tables_1700.pdf).

<sup>2</sup> It is expected that the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: [Revised] UNFCCC reporting guidelines on annual [greenhouse gas] inventories” (revised UNFCCC Annex I reporting guidelines on annual inventories) will be adopted by a decision of the Conference of Parties at its seventeenth session.

tables in a common reporting format for the past 10 years and for the previous years since the base year for years ending with 0 or 5 (base year, 1990, 1995, 2000, etc.)<sup>3</sup>.

3. Developed country Parties shall report summary information on the indicators relevant to the trends of GHG emissions and removals. Parties shall provide information, in tabular format, on possible underlying drivers, methodologies used and assumptions made focusing on changes in the most recent years and on key categories.

4. Parties are encouraged to reference the national inventory report (NIR)<sup>4</sup> of their most recent annual inventory submission for relevant information on emission trends and methods used for emission estimates.

5. Parties shall provide summary information on their national inventory arrangements, including the following<sup>5</sup>:

(a) The name and contact information of a national entity and its designated representative with an overall responsibility for the national GHG emission inventory of a Party;

(b) The roles and responsibilities of various agencies and entities in relation to the inventory development process, as well as the institutional, legal and procedural arrangements made to prepare the inventory;

(c) A description of the process for collecting activity data, selecting emission factors and methods and preparation of emission estimates;

(d) A description of the process and results of key category identification and, where relevant, archiving of test data;

(e) A description of the process for recalculation of previously submitted inventory data;

(f) A description of quality assurance and quality control plan, its implementation and quality objectives established, and information on internal and external evaluation and review processes and their results in accordance with the reporting requirements related to national inventory arrangements contained in the revised UNFCCC Annex I reporting guidelines on annual inventories;

(g) A description of the procedures for official consideration and approval of the inventory.

### III. Quantified economy-wide emission reduction target

6. Each developed country Party shall describe its quantified economy-wide emission reduction target, including any conditions or assumptions relevant to the attainment of that target, as communicated to the secretariat and contained in document FCCC/SB/2011/INF.1/Rev.1 or any update to that document.

7. The description of the Party's economy-wide emission reduction target shall include the following information:

<sup>3</sup> This option corresponds to one of the textual options related to paragraph 61 of the revised UNFCCC Annex I reporting guidelines on annual inventories, this text may change depending on the outcome of discussions at the thirty-fifth session of the Subsidiary Body on Scientific and Technical Advice.

<sup>4</sup> The reference is made to the reporting requirements related to the national inventory report as contained in the revised UNFCCC Annex I reporting guidelines on annual inventories.

<sup>5</sup> This text might be revised based on the progress in the negotiations on the revised UNFCCC Annex I reporting guidelines on annual inventories under Subsidiary Body for Scientific and Technical Advice.

(a) Base year; base year level of emissions, against which the percentage the emission reduction target is set; emission reduction target, expressed as a percentage reduction and as emission level, expressed in tonnes of carbon dioxide equivalent, and a year, in which the target is to be achieved (table M2);

(b) The methodology used for calculation of the target;

(c) The gases and sectors covered, including, at a minimum, gases and sectors included in the revised UNFCCC Annex I reporting guidelines on annual inventories<sup>6</sup>;

(d) The global warming potential values as established by the relevant decisions of the Conference of Parties;

(e) The accounting rules used;

(f) Other information, such as interim or sub-sectoral targets, as appropriate;

(g) [Assessment of adverse impacts of policies and measures it has implemented or plans to implement on developing country Parties.]

8. [Each Party shall provide information on the role of the land use, land-use change and forestry (LULUCF) sector in its emission reduction target. This information shall be comparable to the accounting approach under the Kyoto Protocol, including the following:

(a) Whether any emissions and/or removals from the LULUCF sector are included in the base year level of emissions used for the emission reduction target;

(b) The accounting approach applied and the activities and/or lands that will be accounted for.]

9. [Each Party shall provide information on its planned use of international carbon units and/or allowances from market-based mechanisms in achieving its emission reduction target, including:

(a) A description of each source of international carbon units and/or allowances from market-based mechanisms;

(b) The possible scale of contributions of each of these sources;

(c) In addition, for national, bilateral or regional market-based mechanisms, a description of procedures and arrangements to ensure the integrity of carbon units and prevent double-counting of emission reductions, including the rules and methods used to calculate the base year emission levels, address additionality, leakage, permanence, credit issuance procedures, and verification and tracking systems.

(d) [Share of international carbon units from least developed countries].]

## **IV. Progress in the achievement of quantified economy-wide emission reduction targets and commitments**

### **A. Mitigation actions and their effects**

10. Each developed country Party shall provide information on its mitigation actions, including policies and measures it has implemented or plans to implement since its last national communication to achieve its economy-wide emission reduction target. To the extent appropriate, Parties shall organize reporting of mitigation actions by the following

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<sup>6</sup> It is expected that the revised UNFCCC Annex I reporting guidelines on annual inventories will be adopted by decision of the Conference of Parties at its seventeenth session.

sectors: NIR<sup>7</sup> (energy; industrial processes and product use, agriculture, LULUCF, waste and other); and by gas (at a minimum, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride).

11. Parties shall summarize information in textual and tabular formats (tables M1a and M1b) on currently implemented and planned mitigation actions presented by sector; and within each sector in a decreasing order of the anticipated mitigation potential of the action. For new mitigation actions that have not been previously reported in a national communication or a biennial report, the Party shall provide the following information: name and description of the action; type of action; objective of the action; gases affected; status of implementation and implementing entity; performance indicators and how implementation and performance of the actions will be monitored, to the extent possible; anticipated mitigation effect by 2020. Parties may also provide information on costs of mitigation action, to the extent possible. Parties may include a separate text describing cross-sectoral policies and measures. The Party shall also provide a list of any previously reported mitigation actions that are no longer being implemented.

12. Each Party is encouraged to provide information (table M1) on the aggregated actual and anticipated annual effects of its mitigation actions, including policies and measures. This information shall include the following:

(a) Information on performance indicators identified by the Party for the mitigation actions;

(b) An estimation of the aggregated annual emission reductions achieved by the implementation of the mitigation actions and the contribution to the quantified economy-wide emission reduction target and commitments relative to the carbon budget over a commitment period.

13. When a Party provides aggregated effects of its mitigation actions, the Party shall provide references to background documents and underpinning reports referring to the methods and assumptions used to estimate the aggregated effects of its mitigation actions.

14. Each Party shall provide information on changes in its domestic institutional arrangements, including institutional, legal, administrative and procedural arrangements used for domestic compliance, monitoring, reporting, archiving of information and evaluation of the progress towards its emission reduction target.

15. Developed country Parties shall report summary information on quantified emission reduction targets and on progress made in achieving emission reductions (table M2) for the base year and for each reported year.

## **B. Estimates of emission reductions and removals, including the use of carbon units from the market-based mechanisms and land use, land-use change and forestry activities**

16. Developed country Parties that apply international carbon units towards the achievement of their emission reduction target shall report information on issuance, retirement, cancellations, holdings and transactions<sup>8</sup> of international carbon units from market-based mechanisms [under the Convention] and for each reported year, beginning with 2010.

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<sup>7</sup> It is expected that the revised UNFCCC Annex I reporting guidelines on annual inventories will be adopted by the Conference of Parties at its seventeenth session and following this decision the list of sectors will be identified.

<sup>8</sup> Transactions include transfers, acquisitions and cancellations.

17. For the base year, information reported on the emission reduction target shall include (table M2) the following:

- (a) Total GHG emissions, excluding emissions and removals from the LULUCF sector;
- (b) Emissions and/or removals from the LULUCF sector based on the accounting approach applied and the activities and/or lands that will be accounted for;
- (c) Total GHG emissions, including emissions and removals from the LULUCF sector.

18. For each reported year, information reported on progress made towards the emission reduction targets shall include (table M2), in addition to information noted in paragraph 17 (a), (b) and (c), the following summary information on the use of market-based mechanisms:

Option 1

- (a) Total acquisitions of international carbon units from market-based mechanisms [under the Convention];
- (b) Total transfers of international carbon units from market-based mechanisms [under the Convention];

Option 2

- (c) Total amount of international carbon units from market-based mechanisms accounted towards the emission reduction target;
- (d) Total amount of units issued from the LULUCF activities; Total “Accounted emissions and credits units”;
- (e) [Supplementarity of the use of market-based mechanisms approved at UNFCCC level to domestic action.]

## V. Projections

19. Developed country Parties shall report the projections of trends in GHG emissions and removals that reflect, to the extent possible, current circumstances, currently implemented and adopted mitigation actions and the accounting rules used for the LULUCF sector.

20. At a minimum, developed country Parties shall report a ‘with measures’ projections scenario (table P2). The ‘with measures’ projections scenario shall encompass currently implemented mitigation actions. Parties should also provide a ‘with additional measures’ projections scenario (table P3) that also encompasses planned, but not currently implemented, mitigation actions.

21. Each developed country Party shall report the updated projections consistent with the “Guidelines for the preparation of national communications from Parties not included in Annex I to the Convention” and its revisions using the latest inventory year as a reference year for the future four years ending with 0 and 5 up to, at a minimum, by 2020, and when possible, decadally up to 2050 (table Ps), including the following:

- (a) Total GHG emissions measured in carbon dioxide equivalent using the global warming potentials established by the relevant decisions of the Conference of Parties;
- (b) Total GHG emissions by sector;

(c) Total GHG emissions by gas (at a minimum, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride), to the extent feasible.

22. Each developed country Party should provide supporting descriptive documentation on the changes in the model or methodologies used for the projections, including the following information:

- (a) A list of mitigation actions included in the projection scenarios;
- (b) A description of key assumptions, such as economic and population growth, and international fuel prices, etc.(table P1);
- (c) References to where more detailed information on methods, modelling and assumptions can be found;
- (d) If the methods or assumptions used for projections are substantially different from those used in the most recent national communication, an explanation of these differences.

23. Each developed country Party should also provide an updated evaluation of the overall projected emissions relative to its emission reduction target and emission trends. This evaluation shall include the following:

- (a) Quantification of any projected gap (underachievement or overachievement) between projected emissions in 2020 and its emission reduction target;
- (b) An explanation of the reason for any gap;
- (c) A description of any additional steps planned to address this gap (underachievement), including additional mitigation actions and their anticipated total effect or use of international carbon units from market-based mechanisms [under the Convention].

24. [Parties should also report a ‘without measures’ projections scenario (table P4). If provided, the ‘without measures’ projection scenario should exclude all mitigation actions implemented after the base year or the year chosen as a starting point for this projections scenario.]

25. [Each developed country Party shall provide detailed information on assessment of the impact of their mitigation actions on developing country Parties, in particular those countries identified in Article 4, paragraph 8, of the Convention, and the measures taken to minimize the negative impacts of their mitigation actions.]

## **VI. Provision of financial, technological and capacity-building support to developing country Parties**

26. Developed country Parties shall provide brief information on their provision of ‘new and additional’ financial, technological and capacity-building support to developing country Parties in a complete, consistent, transparent, accurate and comparable manner, following common reporting formats. In reporting such information, to the extent possible, Parties should distinguish between support provided to developing countries for mitigation and adaptation activities, noting capacity-building elements of such activities, where relevant. In the case of activities with multiple objectives, the funding supporting those activities could be reported as a contribution partially to the different objectives, avoiding double counting.

27. Each developed country Party shall provide a brief description of its national approach for tracking of provision of financial, technological and capacity-building support to developing country Parties, if appropriate. This description shall also include information on indicators used and the particular delivery mechanisms and financial channels tracked.

## **A. Finance**

28. Each developed country Party shall describe, to the extent possible, how it seeks to ensure that the resources it provides effectively address the needs of developing country Parties with regard to climate change adaptation and mitigation, based on information provided by developing country Parties.

29. Each developed country Party shall provide information on the financial support it has committed, leveraged and provided for the purpose of assisting developing country Parties to mitigate GHG emissions and adapt to the adverse effects of climate change, for capacity-building and technology transfer, where appropriate in the areas of mitigation and adaptation and for preparing national communication, biennial update report, national inventory. To that end, each developed country Party shall provide detailed information in a textual and tabular format (tables F1, F2s, F2a, F2b and F2c) on annual contributions and allocation channels for the previous two calendar years with no overlaps with the previous reporting periods, including to the following:

(a) The Global Environment Facility, the Least Developed Countries Trust Fund, the Special Climate Change Fund, the Montreal Fund, the Adaptation Fund, the Green Climate Fund and the Trust Fund for Supplementary Activities;

(b) To the extent possible, multilateral financial institutions, including the regional development banks, the European Investment Bank, the World Bank and the International Finance Corporation;

(c) To the extent possible, specialized United Nations agencies, including the United Nations Development Programme, the United Nations Environment Programme and the secretariat;

(d) Contributions through bilateral, regional and other channels;

(e) Public funding allocated towards the projects under the clean development mechanism.

30. Each developed country Party shall provide, to the extent possible, summary information in textual and tabular formats (table Fs) for the previous [two] [four] calendar years on the financial support, referred to in paragraph 29 above, that it has provided and leveraged annually for the purpose of assisting developing country Parties.

31. In reporting information, in accordance with paragraphs 29 and 30 above, Parties may use the criteria developed by the Organisation for Economic Co-operation and Development's Development Assistance Committee for categorizing support by specific sectors. If Parties decide to categorize funding using a different methodology, they shall specify that methodology in the biennial report. Each developed country Party shall specify whether the financial contributions reported at the time of submission of the biennial report are pledged/planned, committed, allocated by a national governing body, or disbursed to the recipient. Developed country Parties shall report in a rigorous, robust and transparent manner the underlying assumptions and methodologies used to produce information provided in the common reporting format tables for financing.

32. Each developed country Party should provide, to the extent possible, detailed information, in textual and tabular formats, on the support provided for the purpose of

assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change and the adverse effects of the developed countries mitigation actions to meet the cost of adaptation to those adverse effects. [Each developed country Parties shall also provide detailed information on the assessment of adverse impacts of their mitigation actions.]

33. Developed country Parties should report, to the extent possible, on private financial flows towards mitigation and adaptation activities in developing country Parties (tables F3s, F3a, F3b and F3c) and distinguish between the following:

- (a) Private finance leveraged by public policy;
- (b) Private finance leveraged by public finance;
- (c) Other forms of ‘green investment’ with principal, secondary or tertiary climate benefits;
- (d) Any other carbon financing.

34. Developed country Parties should specify, to the extent possible, the types of instrument used in the provision of their national, bilateral or regional assistance, such as grants, loans, guarantees, equity and leveraged funds.

35. Developed country Parties shall report information on public investment in mitigation activities under market-based mechanisms (table F4).

## **B. Technology development and transfer**

36. Each developed country Party shall provide information on measures taken to promote, facilitate and finance the transfer of, access to and the deployment of climate-friendly technologies for the benefit of developing country Parties, and for the support of development and enhancement of endogenous capacities and technologies of developing country Parties (table F5). Parties may also provide information on success and failure stories.

37. Each developed country Party shall provide, in textual and tabular formats (tables F6, F6a, F6b and F6c), summary information on activities and measures related to technology transfer implemented or planned since its last national communication. In reporting such measures and activities, Parties shall, to the extent possible, distinguish between activities undertaken by the public and private sectors. Parties may indicate, where feasible, how they have encouraged private-sector activities and how such activities help to meet the commitments of developing country Parties.

## **C. Capacity-building**

38. Each developed country Party shall provide information on how it has provided capacity-building support to developing country Parties in order to respond to existing and emerging capacity-building needs identified by developing country Parties in the areas of mitigation, adaptation, technology development and transfer. Information should be reported in textual format as a description of individual measures and activities, and in a tabular format where appropriate, and should include information on how the Parties are:

- (a) Strengthening relevant institutions at various levels, including focal points and national coordinating bodies and organizations;
- (b) Strengthening networks for the generation, sharing and management of information and knowledge;

- (c) Strengthening communication, education, training and public awareness in relation to climate change at various levels;
- (d) Strengthening integrated approaches and the participation of various stakeholders in relevant social, economic and environmental policies and actions;
- (e) Supporting existing and emerging capacity-building needs.

39. [In providing this information, each developed country Party is encouraged to report on how it has strived to ensure the effectiveness of its capacity-building support and how it evaluates the effectiveness of this support in cooperation with developing countries.]

## **VII. Reporting**

40. A standardized electronic format for data reporting and a common structure shall be used by developed country Parties for reporting the relevant information, as described in the annex to these guidelines.

41. In the years in which a submission of a national communication is due, the content of the biennial report as described in these guidelines shall be integrated into the national communication.

42. The information identified in these guidelines shall be communicated by developed country Parties to the secretariat electronically and shall be in one of the official languages of the United Nations. Parties are encouraged to submit an English translation of the biennial report to facilitate its use in the review process.

## **VIII. Updating of the guidelines**

43. These guidelines shall be revised, as appropriate, in accordance with the relevant decisions of the Conference of Parties taking into consideration any future decisions, including on accounting rules, and be adopted by decision of the Conference of Parties at its XX session.

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## Annex II

### Draft modalities and procedures for international assessment and review

#### I. Objectives of the international assessment and review process

1. The overall objectives of the international assessment and review process are to assess the progress made in achieving emission reductions and on the provision of financial, technological, and capacity-building support to developing country Parties, and to assess emissions and removals related to quantified economy-wide emission reduction targets under the Subsidiary Body for Implementation (SBI), taking into account national circumstances, in a rigorous, robust and transparent manner, with a view to promoting comparability and building confidence.

2. In addition to the overall objectives included in paragraph 1 above, the specific objectives of the technical review process are the following:

(a) To provide, taking into account national circumstances, a thorough, objective and comprehensive technical review of information on the implementation of quantified economy-wide emission reduction targets and the provision of support;

(b) To provide a technical review of the implementation of methodological and reporting requirements, [accounting modalities and eligibility criteria for participating in market-based mechanisms multilaterally agreed under the Convention];

(c) To [promote] [ensure] the accuracy, completeness, consistency and transparency of the information submitted;

(d) To [promote] [ensure] comparability of efforts among developed country Parties;

(e) To ensure that the developed country Parties are assessing the adverse impacts of their mitigation actions on developing country Parties.

3. Further, the specific objectives of the international assessment [multilateral review] process are the following:

(a) To assess the progress in the implementation of the quantified economy-wide emission reduction target of each developed country Party and in the provision of support, identify potential gaps in the implementation of these commitments and identify possible policy options for improving implementation if necessary;

(b) To facilitate the consideration of the comparability of efforts among developed country Parties;

(c) To create conditions of certainty and confidence that will enable developed country Parties to increase the level of ambition of their commitments;

(d) To assess the [compliance] [conformity of developed countries reporting and accounting] with the methodological and reporting requirements, [accounting modalities and eligibility criteria for participating in market-based mechanisms under the Convention], as well as the achievement of their targets and commitments;

(e) To ensure that developed country Parties are addressing any adverse impacts of their mitigation actions on developing country Parties.

## **II. Process and scope**

### **A. Process**

4. IAR will be conducted in the following steps:

(a) A technical review of biennial reports, where relevant in conjunction with the annual greenhouse gas (GHG) inventories, national inventory reports and national communications of developed country Parties, which will result in an individual review report for each developed country Party;

(b) An international assessment [multilateral review] of the implementation of developed country Parties' progress towards the achievement of emission reductions and removals related to their quantified economy-wide emission reductions targets and the provision of financial, technological and capacity-building support to developing country Parties, for promoting compliance by these Parties with their commitments under the Convention, which will be conducted under the auspices of the SBI;

(c) An assessment of the progress towards identifying and addressing any adverse impacts of mitigation actions on developing country Parties.

### **B. Scope**

5. Building upon relevant elements of the existing review process under the UNFCCC, for each developed country Party the following will be reviewed and internationally assessed:

(a) All emissions and removals related to its quantified economy-wide emission reduction target;

(b) Assumptions, conditions and strategies related to the attainment of its quantified economy-wide emission reduction target;

(c) Progress towards the achievement of its quantified economy-wide emission reduction target;

(d) Its provision of financial, technological and capacity-building support to developing country Parties;

(e) Its actions to reduce the adverse impact of its mitigation actions on developing country Parties.

## **III. Technical review**

### **A. Inputs**

6. The inputs to the technical review are the following:

(a) The biennial report, and where relevant annual GHG inventory, national inventory report and national communication;

(b) The review reports of the biennial report, annual GHG inventory, national inventory report and national communication;

(c) Any additional information provided by the Party before or during the review;

- (d) Peer-reviewed publications and other credible sources approved by the Party concerned;
- (e) In the event that a developed country Party's biennial report contains insufficient information or that it has not submitted its biennial report, the expert review team may use relevant technical information in the review process, such as information from international organizations.

## B. Process

7. At the commencement of an IAR cycle for each developed country Party, the secretariat will assemble a team of technical experts comprising five to eight members, drawing from a pool of experts nominated to the UNFCCC roster of experts, balanced as to expertise, gender and developed/developing country Party participation. The Secretariat will ensure that the collective skills of each team address all the areas included in the international assessment and review process. The members of the expert team will serve in their personal capacity. Each review team will be coordinated by a member of the secretariat professional staff and will include at least one inventory expert.

8. Each developed country Party's biennial report will be reviewed, where relevant in conjunction with the annual GHG inventory, national inventory report and national communication review processes, as follows:

- (a) The technical review will be conducted in accordance with existing and revised guidelines and procedures under the Convention[and [, where relevant,] the Kyoto Protocol];

- (b) The technical expert review will examine the consistency of the annual GHG inventory with the biennial report and national communication but will not include in-depth examination of the inventory itself;<sup>1</sup>

- (c) The Party concerned can respond to the questions or suggestions of the expert review team as well as propose and share any additional information or views.;

- (d) The review should identify [question of implementation with regard to the inventory reporting requirements] [any technical questions regarding conformity of information in the biennial reports with reporting requirements], [accounting modalities, eligibility criteria to use the market mechanisms], and national arrangements, and may propose [adjustments and corrections] [modifications to reported information] as appropriate.

9. In order to handle the supplemental review tasks, changes to the existing review system may be needed. These may be achieved through the following:

- (a) Add tasks to the existing inventory review process and add additional experts to review teams in order to handle [supplemental] tasks;

- (b) Create standing review teams to support the review of the biennial reports, for example, a standing group of finance experts;

- (c) Increase the secretariat's role in supporting the review.

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<sup>1</sup> This provision is designed to avoid duplicating or supplanting the existing annual inventory reviews for developed countries, which are in-depth and robust.

### **C. Output**

10. The output of the technical review will be (a) technical review report(s) for each individual developed country Party, [including any barriers identified by the expert review team to the achievement of the Party's quantified economy-wide emission reduction target, and any suggestions of the expert review team as to possible means of overcoming such barriers].

## **IV. International assessment [Multilateral review process]**

### **A. Inputs**

11. The international assessment [multilateral review] will be carried out for each developed country Party on the basis of:

- (a) The technical review report(s) referred to in paragraph 10 above and any other relevant review reports of the annual GHG inventory and national communication;
- (b) The biennial report;
- (c) The national GHG inventory and national inventory report and, where relevant, national communication;
- (d) Supplementary information on the achievement of the Party's quantified economy-wide emission reduction target, including on the role of land use, LULUCF, and carbon credits from market-based mechanisms;
- (e) Other information provided by the Party before or during the international assessment [multilateral review];
- (f) Inputs from other stakeholders/Parties approved by the Party undergoing the international assessment process.

### **B. Process**

12. Each developed country Party will be [assessed][reviewed] individually [or aggregately] [during a dedicated session of the SBI] [during a SBI working group session] [by a designated body operating under the auspices of the SBI], according to a timetable set by the SBI, [under the rules of a compliance system to be developed under the Convention].

13. The international assessment [multilateral review] under the IAR process shall entail the following:

- (a) Any Party may submit written questions electronically to the Party concerned in advance of the international assessment [multilateral review], following the publication of the technical review reports on the UNFCCC website;
- (b) The Party under assessment should respond to those questions, through the secretariat, within two months. The secretariat will compile the questions and answers and publish them on the UNFCCC website;
- (c) During the dedicated SBI session, developed country Parties will undergo the review with the participation of all Parties. The Party under review may make a brief oral presentation, which will be followed by oral questions by regional representatives and responses by the Party under review;

(d) [A compliance body will examine any question of implementation identified during the international assessment [multilateral review] process];

(e) The SBI will conclude on the overall progress made by each developed country Party, including on existing and potential problems, [and will further consider the consequences, under the compliance mechanism to be established for those Annex I Parties that have problems, for their achievement of their commitments].

14. The SBI may, as needed, explore means of optimizing the efficiency of the international assessments, including by inviting Parties with similar national circumstances, or which emit less than 0.5 per cent of the global emissions up to a combined total of 2.5 per cent, to undergo the international assessment together in the same session.

### **C. Outputs**

15. The outputs of the international assessment [multilateral review] will be, for each Party, the following:

(a) A record prepared by the secretariat which includes in-depth review reports, the summary report of the SBI, questions submitted by Parties and responses provided, and any other observations by the Party under review that are submitted within two months of the working group session;

(b) [Conclusions] and recommendations to the Party;

(c) Problems identified and reported to the Conference of the Parties (COP);

(d) [A facilitative process to engage with the Party concerned and assist it in taking remedial action if necessary];

(e) [A compliance assessment and a presentation of the measures required to address non-compliance];

(f) [Consequences of non-compliance, including compliance procedures and penalties, including the increases of in the quantified emissions limitation and reduction commitment (QELRC) and the suspension of the Party's eligibility to participate in market-based mechanisms];

(g) [Further steps shall be determined by the compliance body in order to ensure that questions related to the objective of compliance, with reporting requirements, accounting rules, eligibility requirements for participating in market-based mechanisms and emission reduction targets are addressed in an appropriate manner;]

(h) [Analysis comparability of efforts among developed country Parties, based on a report to be prepared by the secretariat, for consideration and the determination of any other action by the COP and the Conference of the Parties serves as the meeting of the Parties to the Kyoto Protocol (CMP).]

### **D. [Relationship with other process]**

16. Issue for further consideration: any formal relation of IAR process to:

(a) Relevant provisions under the Convention; and

(b) Relevant provisions under the Kyoto Protocol for developed country Parties that are also Parties to the Kyoto Protocol;

- (c) The review of the adequacy of the long-term global goal of the Convention or process to increase the level of ambition
  - (d) Any compliance body to be developed under the Convention.
  - (e) -----
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## Annex III

### Possible elements of draft guidelines for biennial update reports from Parties not included in Annex I to the Convention<sup>1</sup>

#### I. Introduction

1. [Parties not included in Annex I to the Convention (non-Annex I Parties)] [developing country Parties]<sup>2</sup> shall submit biennial update reports [two years after the submission of their third national communications] in between submission of their national communications. In years in which a submission of a national communication is due, the content of the biennial update report as described in these guidelines shall be integrated as a separate section of the national communication. Least Developed Countries (LDCs) and Small Island Developing States (SIDS) may submit biennial update reports at their discretion.

#### A. Objectives

2. The objectives of the guidelines for the preparation of the biennial update reports from non-Annex I Parties are:

(a) To assist non-Annex I Parties in meeting their reporting requirements under Articles 4, paragraph 1(a) and (b) and 12 of the Convention and decision 1/CP.16;

(b) To encourage the presentation of information in a consistent, transparent, complete, accurate, timely and flexible manner, taking into account specific national and domestic sectoral circumstances;

(c) To enable enhanced reporting by non-Annex I Parties on mitigation actions and their effects, and support received, in accordance with their capacities and respective capabilities, and the availability of support;

(d) To ensure that the COP has sufficient information to carry out the 2013-2015 and subsequent periodic reviews.

(e) To provide policy guidance to the operating entity of the financial mechanism for the timely provision of financial support needed by developing country Parties in order to meet the agreed full costs of preparing their biennial update reports;

(f) To facilitate the presentation of information on finance, technology and capacity-building support needed and received, including for the preparation of biennial update reports.

<sup>1</sup> The reporting formats that are part of the possible elements of draft guidelines for biennial update reports from Parties not included in Annex I to the Convention are placed on the UNFCCC website at <[http://unfccc.int/files/meetings/ad\\_hoc\\_working\\_groups/lca/application/pdf/20111202\\_bur\\_tables\\_1800.pdf](http://unfccc.int/files/meetings/ad_hoc_working_groups/lca/application/pdf/20111202_bur_tables_1800.pdf)>

<sup>2</sup> Depending on the outcome, appropriate amendment will be made throughout the text

## **B. Scope**

3. The scope of biennial update reports is to provide an update to the most recently submitted national communication in the following areas:

(a) The national inventory of anthropogenic emissions by sources and removal by sinks of all greenhouse gases (GHGs) not controlled by the Montreal Protocol, including a national inventory report;

(b) Information on mitigation actions and their effects, including associated methodologies and assumptions;

(c) Constraints and gaps, and related financial, technical and capacity needs, including a description of support needed and received, and provided, as applicable;

(d) Information on the level of support received to enable the preparation and submission of biennial update reports;

(e) Information on the implementation and progress of domestic measurement reporting and verification systems;

(f) Any other information that the non-Annex I Party considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its biennial update report.

*Option to paragraphs 1-3 above*

Non-Annex I Parties, consistent with their capacities, data availabilities and the level of support received for reporting, should submit biennial update reports containing updated information of national greenhouse gas inventories, information on mitigation actions, finance technological and capacity-building needs and support received.

## **II. National greenhouse gas inventory**

### **A. Principles**

4. In the context of the preparation of the national GHG inventory:

(a) Transparency means that the assumptions and methodologies used for an inventory should be clearly explained to facilitate replication and assessment of the inventory by users of the reported information.

(b) Consistency means that an inventory should be internally consistent in all its elements with inventories of other years. An inventory is consistent if the same methodologies are used for the initial and all subsequent years and if consistent data sets are used to estimate emissions or removals from sources or sinks. Under certain circumstances an inventory using different methodologies for different years can be considered to be consistent if methodologies provided by the IPCC for such situations have been applied.

(c) Comparability means that estimates of emissions and removals reported by Non-Annex I Parties in inventories should be comparable among Non-Annex I Parties. For this purpose, Non-Annex I Parties should use the methodologies and formats agreed by the COP for estimating and reporting inventories.

(d) Completeness means that an inventory covers all relevant sources and sinks, as well as all gases, included in the IPCC Guidelines. Completeness also means full geographic coverage of sources and sinks of a Non-Annex I Party.

(e) Accuracy is a relative measure of the exactness of an emission or removal estimate. Estimates should be accurate in the sense that they are systematically neither over nor under true emissions or removals, as far as can be judged, and that uncertainties are reduced as far as practicable. Appropriate methodologies should be used, in accordance with the IPCC good practice guidance, to promote accuracy in inventories.

5. Each non-Annex I Party shall, in accordance with Article 4, paragraph 1(a), and Article 12, paragraph 1(a), of the Convention, communicate to the COP an update of its national inventory of anthropogenic emissions by sources and removals by sinks of all GHGs not controlled by the Montreal Protocol, to the extent its capacities permit, following the provisions in these guidelines. LDCs and SIDS may estimate their national GHG inventories for recent years at their discretion. For the first biennial report developing country Parties whose share of global emissions is less than 1% of the global total may also estimate their national GHG inventories for recent years at their discretion but no more than N-4 or 5, and should submit N-2 or 3 in subsequent biennial reports.

6. The updates of national inventories of anthropogenic emissions by sources and removals by sinks of all GHGs not controlled by the Montreal Protocol indicated in paragraph 5 should contain the most recent data on activity level based on the best information available, using the emission factor reported in its previous national communication; any change on the emission factor can only be made in the subsequent full national communication.

7. Each non-Annex I Party should submit inventory data for the year [2010] [N-3] [N-5][not more than Y years since the date of last submission].

8. Each non-Annex I Party is encouraged to provide a consistent time series back to reported years in the previous national communications.

9. Non-Annex I Parties which have not previously reported on their national greenhouse gas inventories should submit summary information tables of inventories for previous submission years (for example for years 1994 and 2000).

10. The inventory section of biennial update report should consist of electronic reporting tables, as included in the Annex to these guidelines, and a national inventory report (NIR), covering information on the compilation of the inventory, including information on: institutional arrangements; analysis of key categories; interpretation of trends by sector and most significant key category; methodologies, assumptions, emission factors and activity data used; level of uncertainty; changes from previous years; quality assurance/quality control; and identification of areas of improvement noting that accuracy will improve over time.

## **B. Methodologies**

11. Non-Annex I Parties should use the latest IPCC Guidelines approved by the COP for estimating and reporting their updated national GHG inventories. Parties may also continue to use UNFCCC non-Annex I Greenhouse Gas Inventory Software to calculate and report emissions and removals, and report key category analysis.

12. In accordance with the IPCC Guidelines and depending on their capacity, national circumstances and the availability of data, Parties may use different methods (tiers) included in the IPCC Guidelines to estimate their emissions, giving priority to those methods which are believed to produce the most accurate estimates.

13. The IPCC Guidelines offer a default methodology which includes default emission factors and in some cases default activity data. As these default factors, data and

assumptions may not always be appropriate for specific national circumstances, non-Annex I Parties, as encouraged by the IPCC Guidelines, can also use national methodologies and regional emission factors and activity data for key sources, where they consider these to be better able to reflect their national situations, provided that these methodologies are more accurate than the default data and are documented transparently.

14. Non-Annex I Parties are encouraged to use the IPCC good practice guidance and Uncertainty Management in National Greenhouse Gas Inventories (hereinafter referred to as the IPCC good practice guidance), taking into account the need to improve transparency, consistency, comparability, completeness and accuracy in inventories.

15. Non-Annex I Parties are also encouraged, to the extent possible, to undertake any key category analysis as indicated in the IPCC good practice guidance to assist in developing inventories that better reflect their national circumstances. Key categories are those that, when summed together in descending order of magnitude, add up to 70 percent of the total level of GHG emissions. As Parties' reporting improves over time, Parties should assume as key categories those whose sum, in descending order of magnitude, adds up to 90 percent of the total level of GHG emissions.

*Option to paragraphs 11, 13 and 14*

Non-Annex I Parties shall use the IPCC Guidelines and 2000 and 2003 Good Practice Guidance for estimating and reporting their updated national GHG inventories.

## **C. Reporting**

16. Non-Annex I Parties are encouraged to describe updates to procedures and arrangements undertaken to collect and archive data for the preparation of national GHG inventories, as well as efforts to make this a continuous process, including information on the role of the institutions involved.

17. Each non-Annex I Party shall, as appropriate and to the extent possible, provide in its updated national inventory, on a gas-by-gas basis and in units of mass, estimates of anthropogenic emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) by sources and removals by sinks.

18. Each non-Annex I Party should, depending on its capacity and the significance<sup>3</sup> of a gas, also provide in its national inventory, on a gas-by-gas basis and in units of mass, estimates on the following greenhouse gases: perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF<sub>3</sub>) and sulphur hexafluoride (SF<sub>6</sub>) if these gases amount for more than X% of the national total emissions

19. Non-Annex I Parties should, to the extent possible, and if disaggregated data are available, report emissions from international aviation and marine bunker fuels separately in their inventories. Emission estimates from these sources should not be included in the national totals.

20. Non-Annex I Parties wishing to report on aggregated GHG emissions and removals expressed in CO<sub>2</sub> equivalents should use the global warming potentials (GWPs) provided by the IPCC in its [Second ("the 1995 IPCC GWP Values")] [Fourth] Assessment Report based on the effects of GHGs over a 100-year time horizon.

21. Non-Annex I Parties are encouraged to provide updated information on methodologies used in the estimation of anthropogenic emissions by sources and removals by sinks of GHGs not controlled by the Montreal Protocol, including on the sources of

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<sup>3</sup> Definition of this term needs to be further elaborated

emission factors and activity data. [Where previously reported data has been recalculated, non-Annex I Parties should describe the reasons for the recalculation, the manner in which the recalculations have been undertaken and the effect in terms of emissions/removals reported.]

22. Non-Annex I Parties are encouraged to include in their biennial update reports the inventory sectoral tables and worksheets of the IPCC in electronic format.

23. Non-Annex I Parties are encouraged to provide updated information on the level of uncertainty associated with inventory data and their underlying assumptions, and to describe the methodologies used, if any, for estimating these uncertainties.

*Option to paragraphs 4-23 above*

Non-Annex I Parties should submit updates of national greenhouse gas inventories according to paragraphs 8-24 in the guidelines for the preparation of national communication from non-Annex I Parties as contained in the annex to decision 17/CP.8. The scope of updates on national greenhouse gas inventories should be consistent with capacities, data availabilities and the level of support provided by developed countries parties for biennial update reporting.

### III. Mitigation actions

*Option 1*

24. Non-Annex I Parties shall provide up-to-date information on actions to mitigate climate change, by addressing anthropogenic emission by sources and removals by sinks of all GHGs not controlled by the Montreal Protocol.

25. For each mitigation action or suite of mitigation actions [are encouraged to] [shall] provide the following information to the extent possible:

(a) Name and description of the mitigation action, including up-to-date information on the nature of the action, [base year], [start date and time frame], coverage (i.e. sectors and gases), quantitative goals and progress indicators, including a description of any parameter against which emissions are indexed (such as BAU or GDP);

(b) Up-to-date information on methodologies and assumptions (specific to the mitigation action, including where relevant, methods for determining the baseline used, business-as-usual information or according to national or other metrics);

(c) Objectives of the action and specific policies or measures to achieve that action;

(d) Up-to-date information on the progress of implementation of the mitigation actions listed in FCCC/AWGLCA/2011/INF.1 and the underlying policies and measures, and the results achieved, such as estimated outcomes (metrics depending on type of action) and estimated emissions reductions, to the extent possible. Highlight whether the policy or measure is in the planning stage or is adopted or whether it is under implementation;

(e) Description of the MRV arrangements at national level to implement mitigation actions (e.g., institutional arrangements, implementing entities, data collection methods, progress indicators);

(f) Information on their projected emissions and removals for the sectors reported in their GHG inventory, in accordance with their capacities and respective capabilities;

(g) Supplementary information on incremental costs, related public or private investments, and expected benefits other than mitigation for each action or a group of actions;

(h) [Parties participating in bilateral and multilateral market-based mechanisms should provide up to date information on:

(i) Total acquisitions of international carbon credit units from market-based mechanisms approved at the UNFCCC level;

(ii) Total transfers of international carbon credit units from market-based mechanisms approved at the UNFCCC level;

(iii) Total amount of international carbon credit units from market-based mechanisms approved at UNFCCC level which have been retired and/or cancelled;

(iv) Offset programme elements including offset type, coverage, rules, including provisions for additionality, transparency, permanence and for prevention of double counting and leakage.]

*Option 2<sup>4</sup> (option to paragraphs 24 and 25)*

Non-Annex I Parties should submit update information on programmes and measures implemented or planned<sup>5</sup> which contribute to mitigating climate change by addressing anthropogenic emissions by sources and removals by sinks of all GHGs not controlled by the Montreal Protocol, including, as appropriate, relevant information by key sectors on methodologies, scenarios, results, measures and institutional arrangements, in accordance with paragraph 40 in the guidelines for the preparation of national communication from Parties not included in Annex I to 2 the Convention as contained in the annex to decision 17/CP.8. The scope of updates on measures to mitigate climate change should be consistent with capacities, data availabilities and the level of support provided by developed countries parties for biennial update reporting.

*Option 3*

Based on national circumstances, non-Annex I Parties shall provide information in a tabular format on programmes and measures completed, newly implemented or planned since the last national communication, which contribute to mitigating climate change, such as:

(a) Description of the mitigation action (objective, timeframe, coverage, status of implementation)

(b) Structure of support for the mitigation action (domestic, international, offset)

(c) Estimation of the effects of the mitigation action to-date (methodologies and assumptions, metrics)

(d) To the extent possible, projected emissions (model used, assumptions)

*Option 4*

Non-Annex I Parties shall provide updated information on the general description of steps taken or envisaged for formulating, implementing, publishing and regularly updating national and, where appropriate, regional programmes containing measures to mitigate climate change by addressing anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, and any other information they consider to be relevant to the achievement of the objective of the Convention<sup>6</sup> and

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<sup>4</sup> Paragraph 40 of annex to the decision 17/CP.8.

<sup>5</sup> Such as measures being considered by the government for future implementation.

<sup>6</sup> Paragraph 37, Decision 17/CP.8.

suitable for inclusion in their update reports. This information should only cover the period since the previous submission, whether National Communication or biennial update report.

26. [Non-Annex I Parties shall provide information related to paragraphs 24 and 25 in electronic reporting format tables X of the Annex to these guidelines and should provide descriptive information in the report for the most recent year for which information on mitigation actions is available]. [Non-Annex I Parties using the registry for nationally appropriate mitigation actions are encouraged to report information on mitigation actions, consistent with the information provided in the registry.]

#### **IV. [Information on domestic measurement, reporting and verification**

27. Each non-Annex I Party shall, as appropriate and to the extent possible, provide its updated information on the implementation and progress of domestic measurement, reporting and verification.]

#### **V. Finance, technology and capacity-building needs and support received**

28. Non-Annex I Parties should provide up-to-date information on constraints and gaps, and related financial, technical and capacity needs.

29. Non-Annex I Parties should also provide up-to-date information on financial resources, technology transfer, capacity-building, and technical support received from the Global Environment Facility (GEF), Annex II Parties and other developed country Parties in Annex II for activities relating to climate change, including for the preparation of the current biennial update report.

30. Non-Annex I Parties should also provide information on financial resources and technical support for the preparation of the current biennial report provided by themselves. Non-Annex I Parties are also encouraged to provide information on financial resources related to the implementation of the Convention provided through bilateral, regional and multilateral channels for other Non-Annex I Parties.

31. With regard to the development and transfer of technology, non-Annex I Parties should provide information on technology needs, and technology support received for activities to promote, facilitate or enhance the development, transfer and diffusion of climate technologies. This information shall include the donor country or organization, the amount of the financial support received, the description of the activity or initiative, and the type of technology transferred, including on how this assistance has been utilized in support of the development and enhancement of endogenous capacities, technologies and know-how.

##### *Option to paragraphs 28-31*

Non-Annex I Parties should submit update information on finance, technology and capacity-building needs and support according to paragraphs 49, 52 and 54 in the guidelines for the preparation of national communication from non-Annex I Parties as contained in the annex to decision 17/CP.8. The scope of updates on finance, technology and capacity-building needs and support should be consistent with capacities, data availabilities and the level of support provided by developed countries parties for biennial update reporting.

## **VI. Submission**

32. The information provided in accordance with these guidelines [shall] be communicated by each non-Annex I Party to the COP in a single document, in electronic format.

33. Non-Annex I Parties should submit their biennial update reports in English or any one of the official UN languages.

34. Additional or supporting information may be supplied through other documents, such as a technical annex.

## **VII. Updating the guidelines**

35. These guidelines shall be reviewed and revised, as appropriate, in accordance with decisions of the COP.

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## Annex IV

### Draft modalities and procedures for international consultation and analysis

#### I. Objectives

1. The overall objectives of the international consultations and analysis (ICA) under the Subsidiary Body for Implementation (SBI) are to:

(a) Promote the transparency of nationally appropriate mitigation actions by developing country Parties and the financial, technological and capacity-building support provided by developed country Parties;

(b) Provide an overview of a Party's progress in implementing its mitigation actions and their effects;

(c) Facilitate the capacity-building efforts of developing country Parties through participation in a facilitative consultation process enabling a sharing of views and best practice.

#### II. Principles

2. The ICA shall be conducted in a manner that is non-intrusive, non-punitive and respectful of national sovereignty through analysis by technical experts in consultation with the Party concerned and through a facilitative sharing of views.

#### III. Process and scope

*[Option 1]*

##### 1. [Process]

3. The ICA process will consist of the following two steps and will be completed within a fixed time frame:

(a) A technical analysis by technical experts in consultation with the Party concerned;

(b) A facilitative exchange of views among Parties.

##### 2. [Scope]

4. [Option 1: ICA will be [conducted biennially for each Party other than Least Developed countries and SIDs] based on the biennial [update] reports of developing country Parties, [both biennial reports] that [coincide with] [are submitted as subsets of the] national communications of Parties not included in Annex I to the Convention submitted every four years and of biennial update reports submitted in intervening years between national communications and relevant sections of national communications.]

*Option 2.* ICA will be based on the biennial update reports submitted in intervening years between national communications and the relevant sections of national communications.

5. The information considered should include the national greenhouse gas inventory report, information on mitigation actions, including a description of such actions, an analysis of the impacts and associated methodologies and assumptions, progress made in implementation information on domestic measurement, reporting and verification, and support received.

## **B. Technical analysis**

### **1. Inputs**

6. The technical analysis of information contained in the biennial update reports will be conducted by technical experts in consultation with the Party concerned.

7. Where a Party has not submitted a biennial update report within one year of the date that it was originally due, or the information in the biennial update report does not provide a sufficient basis for a technical analysis of mitigation actions under ICA, technical analysis under ICA will commence on the basis of that Party's most recent national greenhouse gas inventory, the mitigation information contained in that Party's most recent national communication, and relevant information from other sources that is peer reviewed and publicly available.

### **2. Process**

8. [At the commencement of an ICA cycle for each developing country Party, the secretariat will assemble a technical expert team of five to eight members, drawing from a pool of [50] Party-nominated experts [constituted for completing both the technical analysis part of the ICA process and the review part of the IAR process and hosted by the [secretariat]], balanced with respect to expertise, including inventory expertise, and participation by developing and developed countries. The members of the expert team [would][will] serve in their personal capacity.]

9. One member of the technical expert team will be a member of the secretariat; Professional staff of the secretariat, the Party concerned may request a maximum of three additional team members from the secretariat Professional staff, the secretariat may consider such requests in the light of its available resources.

10. The team will be led by two experts, one from a developing country Party and the other from a developed country Party.

11. The technical analysis [of the biennial [update] reports] by technical experts will [be conducted on the basis of the reporting guidelines for biennial reports, including the underlying reporting principles for greenhouse gas inventories and] take place in consultation with the Party concerned, in a manner that contributes to capacity-building.

12. Where necessary, [experts [will be authorized] [may request] to meet directly with Party representatives, request additional documentation or information from the Party and, where consent is given, conduct in-country visits, [as necessary][at the request of the Party concerned]]. This will be coordinated and facilitated by the secretariat.

13. The technical expert team may make suggestions to the Party, and may offer guidance on measures, commensurate with the national circumstances of the Party, to improve the measurement, reporting and verification of mitigation actions; the Party

concerned [may][could][should] respond to the questions or suggestions of the expert team[, as well as propose and share any additional information or views].

### 3. Output

14. The output of the technical analysis by the technical experts team will be an expert analysis report on the Party's full suite of mitigation actions and the emission benefits gained, the methodologies and assumptions used in the biennial report and, where applicable, the national communication, the Party's system of domestic measurement, reporting and verification, and support received. [The report should include the following:

- (a) Highlighted information on mitigation actions and their effects;
- (b) Financial and technical gaps and constraints faced by the Party concerned in the fulfilment of reporting requirements;
- (c) A description of any potential problems with, and factors influencing the fulfilment of, reporting requirements, identified during the review;
- (d) Any recommendations provided by the expert review team to solve these potential problems;
- (e) An assessment of any efforts by the Party not included in Annex I to address any potential problems identified by the expert review team.]

15. Prior to finalizing the report, the draft analysis report prepared by the technical expert team will be shared with the Party concerned for review and comment with the aim of resolving any difference of opinion between the expert teams and the Party concerned on the report. The final expert analysis report, [incorporating][taking into account] comments from the Party, should be made available at least two, and preferably four, weeks before the next session of the [COP][SBI].

16. The experts should complete their draft analysis report six months after the experts are assembled by the secretariat. They should then share their draft with the Party concerned for review and comment over the following month, in order to respond to or incorporate Party comments in the report. The final analysis report should then be made available on the UNFCCC website.

## C. Facilitative exchange of views

### 1. Inputs

17. The inputs for the facilitative exchange of views under the SBI are the following for each Party concerned:

- (a) Its biennial [update] reports [as part of the national communications from Parties not included in Annex I to the Convention] [including the greenhouse gas inventory and national inventory report];
- (b) The expert analysis report referred to in paragraph 14 above.

### 2. Process

18. [The Subsidiary Body for Implementation will, at regular intervals, convene a working group session for the facilitative exchange of views, open to all Parties, for all Parties for which there is a final expert analysis report, and will set a timetable for the exchange of views within each such session.] [Following completion of the expert analysis report, a session on the facilitative exchange of views, open to all Parties [and observers],

will be convened [by a working group established by the SBI][under the SBI.]. Parties will be allowed to submit written questions in advance.

19. The facilitative exchange of views among Parties will consist of a one to three hours session for each Party or group of Parties. The session will consist of a brief presentation by the Party or Parties concerned [on its or their progress in implementing its or their mitigation actions and of any challenges faced], followed by an oral question and answer session between [regional group representatives] [observer organizations] [Parties] and the Party or Parties concerned. [Other Parties [and organizations] [could][may] participate as observers];

20. [During the two-week period following the facilitative exchange of views, any Party [and organizations] may submit, through the secretariat, follow-up questions in writing to the Party concerned [[within axx weeks,] to be answered by the Party concerned shortly thereafter, through the secretariat within axx months)][the Party concerned will endeavour to provide written answers through the secretariat within two months];]

21. [Parties with commonalities and anticipating limited questions in connection to their reports[, may request to combine into a single session in a joint session on the facilitative exchange of views [open to all Parties and observer organizations]] [or which emit less than 0.5 per cent of global emissions up to a combined total of 2.5 per cent, may request to undergo facilitative exchange of views together in the same session];]

22. [The questions to be asked by Parties in written or oral form shall be related to the biennial reports, the expert analysis report and the presentation made by the Party, as applicable.]

### 3. Outputs

23. [For each Party concerned, a summary report, prepared by the secretariat, would be [issued][compiled by the secretariat and made available on the UNFCCC website] to include] [By the session following the facilitative exchange of views, the secretariat will prepare a record including] the following:

(a) [[A][The] [technical] expert analysis report referred to in paragraph 15 [and 16 (a)];]

(b) [An objective record of the [oral consultations in consultation with the Party concerned][discussions under the SBI]];

(c) [The questions submitted by Parties and their answers, and any observations that the Party concerned wishes to include, which are submitted within two months of the facilitative exchange of views]; a transcript of the questions and their answers will be published by the secretariat after that period, on the UNFCCC website.

#### ***Option 2 (Option to paragraphs 5 - 18):***

The ICA process will consist of the following two steps:

(a) Consultation on the biennial update reports between Parties through a process of written questions and answers, to be compiled by the secretariat, under the SBI;

(b) Technical analysis of the biennial update reports and the written exchange by a team of technical experts. The Party involved, in providing answers for the questions, may provide additional technical information. Expert teams will analyse the answers to the questions raised in conjunction with the interested Party. This process will result in a summary report to be presented to the SBI.

**Option 3 (Option to paragraphs 5 - 18)****Inputs**

The inputs for international consultation and analysis are biennial update reports submitted by Parties not included in Annex I to the Convention.

**Process**

The SBI will appoint a team of technical experts to conduct international consultation and analysis with the Parties concerned. The selection of technical experts will reflect regional balance.

The experts will consult with the Parties concerned with the objective of improving the process of the preparation of biennial update reports by non-Annex I Parties by providing technical advice and support to these Parties.

The experts will conduct centralized technical analysis on these biennial update reports submitted by non-Annex I Parties.

The experts will prepare a technical summary report for the Subsidiary Body of Implementation based on consultation and analysis.

**Output**

The output of the ICA will be the summary report prepared by the technical experts authorized by the SBI. The report will be noted by the SBI.

24. The [ICA will provide a report on the support needs, including those for creating the environment, required for the preparation of biennial update reports from developing country Parties;]

**D. Outcome of international consultations and analysis**

25. [The summary report would be presented to the Subsidiary Body for Implementation which [would in turn][may] provide advice and [recommendations][suggestions] to the Party concerned. In response to the [recommendations][suggestions] of the Subsidiary Body for Implementation, [the Party concerned [should][may] [submit][provide] follow-up reports [or information.] [within a certain period of time].]

*[Option 1 to paragraph 25 above:*

The summary reports of the ICA cycle will be noted by the SBI in its conclusions.]

*[Option 2 to paragraph 25 above:*

The reports resulting from the ICA process shall be made publicly available on the UNFCCC website and shall be communicated to the relevant bodies under the Convention, as appropriate.]

## Annex V

### Activities for year one of the Adaptation Committee

#### A. Procedural activities

- (a) Develop rules of procedure;
- (b) Develop operational policies and guidelines, based on functions set out in decision 1/CP.16, and indicative modalities set out in this decision;
- (c) Prepare a multi-year work plan for the work of the Committee.

#### B. Substantive activities

##### 1. Technical support and guidance

- (a) Preparation of an overview report on the status of adaptation, drawing on information from Parties, and on other relevant reports and documents, including those of other bodies under the Convention;
- (b) Review, in collaboration with the Standing Committee, existing guidance on adaptation finance, and provide recommendations with a view to, inter alia, enhancing direct access by developing country Parties;
- (c) Compile a roster of experts for adaptation issues, building on existing UNFCCC rosters;
- (d) Conduct a review of existing adaptation bodies, programmes and activities under the Convention, with a view to assessing where gaps and/or overlaps exist, and recommend actions that can be considered by the Conference of the Parties which will enhance the implementation of adaptation under the Convention, including the development of national adaptation plans and the work programme on loss and damage;
- (e) Prepare an overview of the capacities of regional centres and networks working on aspects related to adaptation to the impacts of climate change, and make recommendations on ways to enhance the role of regional centres and networks to support adaptation at the regional and national levels;
- (f) Conduct a review to assess and propose ways to rationalize adaptation workstreams under the Convention and strengthen coherence among the various Convention bodies and agenda items. The Committee may invite other groups under the Convention to submit reports on their adaptation actions and provide input on actions that could be taken to strengthen coherence and integration, including through the identification of joint programs;
- (g) Conduct a review to assess and provide input on how the UNFCCC may strengthen linkages with and among other institutional arrangements, including those at the regional, national and sub-national levels. The first step in this process will be to understand what other institutional arrangements are doing on adaptation, and where there might be gaps and priority areas where improved communication and coordination would help catalyze enhanced action, leverage resources, and strengthen the synthesis and sharing of information, knowledge, and best practices;

(h) Conduct a review of information, tools, and policies that enable effective and enhanced action on integrating adaptation into medium and long term development planning, and associated lessons learned, good practices, gaps and constraints;

(i) Develop a strategic mid-term work programme, with annual work plans that specify its milestones, activities and deliverables in performing its agreed functions, linkages with other institutional arrangements under and outside of the Convention, resources needed to support its work, and procedures for measuring its performance and impact, for approval by the Conference of the Parties at its eighteenth session/the subsidiary bodies at their thirty-seventh/ thirty-ninth session;

## **2. National adaptation plans**

(a) Prepare guidelines for the formulation and implementation of national adaptation plans, in cooperation with the Least Developed Countries Expert Group and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention;

## **3. Work programme on loss and damage**

(a) With support from the secretariat, facilitate the work programme on loss and damage;

## **4. Dissemination of information**

(a) Develop a communication plan for dissemination of adaptation-related information to Parties, UNFCCC institutions and external organizations;

## **5. Linkages**

(a) Map institutions involved in adaptation-related activities inside the Convention and prepare recommendations for ways of working going forward;

(b) Map adaptation-related institutions and networks outside the Convention and prepare recommendations for collaboration going forward;

(c) Investigate appropriate and effective linkages with other relevant bodies and the work done by programmes under the Convention, including, inter alia, the Least Developed Countries Expert Group, the Nairobi work programme on impacts, vulnerability and adaptation to climate change, the Consultative Group of Experts on National Communication for Parties not included in Annex 1 of the Convention, and the Adaptation Fund, in consultation with these bodies.

## **C. Proposed outcomes for consideration and approval at the eighteenth session of the Conference of the Parties**

- (a) Rules of procedure;
- (b) Operational policies and guidelines;
- (c) Report on the status of adaptation;
- (d) Roster of experts;
- (e) Guidelines for the formulation and implementation of national adaptation plans;
- (f) Report on the progress of the work programme on loss and damage;

- (g) Communication plan for dissemination of information and provision of advice;
  - (h) Map of Convention and Kyoto Protocol institutions with recommendations for ways of working going forward
  - (i) Map of adaptation-related institutions and networks outside the Convention with recommendations for collaboration going forward.
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## Annex VI

### Composition and working modalities of the Standing Committee

1. *Decides* that the Standing Committee shall be composed as follows:

*Option 1*

- (a) Two representatives from each of the five United Nations regional groups;
- (b) One representative of the small island developing States;
- (c) One representative of the least developed country Parties;
- (d) Two representatives from Parties included in Annex I to the Convention;
- (e) Two representatives from Parties not included in Annex I to the Convention;

*Option 2*

- (a) Six members from developed country Parties;
- (b) Six members from developing country Parties [representation from developing country Parties shall include representatives of all relevant United Nations regional groupings, including the Africa region, the Asia region, the Eastern European region, the Latin America and Caribbean region Two members from civil society;
- (c) Two members from the private sector;

2. *Also decides* that the Standing Committee shall be composed of members nominated by Parties for approval by the Conference of the Parties, with demonstrable expertise in the oversight, management, disbursement or tracking of public finance and/or private investment in climate-relevant sectors, and climate change and development policies, taking into account the need to achieve gender balance in accordance with decision 36/CP.7; nominees should submit curricula vitae detailing their relevant expertise;

3. *Option (1) Further decides* that the Parties shall also nominate an alternate for each member of the Standing Committee on the same criteria as set out in paragraph 2 above, and that the nomination of a candidate member shall be accompanied by a nomination of a candidate alternate member from the same group;

*(Option 2) No alternates*

4. *Also decides* that Standing Committee members [and alternates] shall serve for two years. No member [or alternate] may serve on the Standing Committee for [more] than two consecutive terms;

5. *Further decides* that the Standing Committee shall elect a chair annually and a vice-chair from among its members for a term of one year each, with one being a member from a developed country Party and the other being a member from a developing country Party. The positions of chair and vice-chair shall alternate annually between a member from a developed country Party and a member from a developing country Party;

*(Option 2) Further decides* that two co-chairs shall be elected from the Standing Committee members. The posts of co-chairs of the Standing Committee shall be subject to rotation among the five regional groups. Each of the two constituencies (developing and developed country Parties) shall decide the modalities themselves;

6. *Also decides* that Standing Committee meetings shall be open[, in an ex officio capacity,] to representatives of the existing and future operating entities of the financial mechanism of the Convention, representatives of relevant bilateral, regional and multilateral funding entities, [public and private sector] facilities and institutions involved in climate finance outside the financial mechanism of the Convention, and representatives of observer organizations accredited to the Convention;
7. *Encourages* the Standing Committee to draw upon additional expertise from all levels, national, subregional, regional, and multilateral institutions, as it may deem necessary;
8. *Decides* that the Standing Committee shall meet at least twice a year, or more if necessary, and that its first meeting shall take place no later than the (date) of (month) 2012;
9. *Also decides* that the Standing Committee should endeavour to reach conclusions by consensus and that if this cannot be achieved, its conclusions will contain all the views expressed by members;
10. *Decides* that the Standing Committee may establish one or more subcommittees or advisory bodies, as needed and subject to the availability of resources;
11. *Emphasizes* that, in exercising its functions, the Standing Committee shall employ an evidence-based approach, ensuring expert, objective and impartial advice on all issues related to the financial mechanism;
12. *Further decides* that the cost of meetings and the participation of members and alternates from developing country Parties shall be covered by the budget of the Convention;
13. *Decides* that the secretariat shall provide administrative support to the work of the Standing Committee;
14. *(Option 1) Also decides* that the Standing Committee shall operate for an initial term from 2012 to 2015, at which time the Conference of the Parties will review its functions and consider whether to extend its term.  
*(Option 2) Also decides* that the term of the Standing Committee shall be an indefinite one.

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## Annex VII

### Indicative schedule of activities on sources of long-term finance

<i>Date</i>	<i>Event</i>	<i>Outputs</i>	<i>Inputs</i>
28 Nov–9 Dec 2011	COP 17, Durban, South Africa	Adopt a work programme and an indicative schedule of workshops/activities on sources of long term finance	- G20 communiqué - WB/Bill Gates reports - AGF report - Other relevant reports
31 March 2012			Parties submissions
Next meeting of the AWG-LCA XX XX 2012	Technical workshop		Compilation and synthesis of submissions by the Secretariat
SB session 14 May–25 May 2012	Technical workshop		- Report from previous workshop - External experts
Inter-sessional XX XX 2012	Technical workshop		- Report from previous workshop - External experts
XX XX 2012	COP 18	Adopt a decision on sources of long term finance that can be accounted for the fulfilment of developed country Parties financial commitments	

*Note: Parties may want to decide if the terms of references should be presented as annex or included in the main body.*

## **Annex VIII**

### **Terms of reference of the Climate Technology Center and Network<sup>1</sup>**

#### **Mission**

1. The mission of the Climate Technology Centre and Network is to stimulate technology cooperation [and to enhance the development and transfer of technologies] and to assist developing country Parties at their request, consistent with their respective capabilities and national circumstances and priorities, [bearing in mind the different needs of women and men] in order to build or strengthen their capacity to identify technology needs, to facilitate the preparation and implementation of technology projects and strategies [with a gender perspective] to support action on mitigation and adaptation and enhance low emissions and climate-resilient development[, through the following:

(a) Identifying currently available climate-friendly technologies for mitigation and adaptation that meet their key low carbon and climate resilient development needs;

(b) Facilitating the preparation of project proposals for the deployment and utilization of currently available mitigation and adaptation technologies;

(c) Facilitating adaptation and deployment of currently available technologies to meet local needs and circumstances;

(d) Facilitating research, development and demonstration of new climate-friendly technologies for mitigation and adaptation, which are required to meet key sustainable development objectives;

(e) Enhancing the national and regional human and institutional capacity to manage the technology cycle, and to support the challenges for the above activities;

(f) Facilitating the financing of these activities through the Green Climate Fund and other bilateral, multilateral and private-sector sources.]<sup>2</sup>

#### **Functions**

2. The Climate Technology Centre and Network shall perform the functions designated by the Conference of Parties as contained in decision 1/CP.16, paragraph 123.

3. In performing these functions, the Climate Technology Centre and Network will:

(a) [[Involve stakeholders at appropriate stages in planning and undertaking its work;]

(b) [Build on the experiences and lessons learned from the Technology Needs Assessment Process in assisting developing countries with identifying and prioritizing technology needs;]

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<sup>1</sup> It was suggested that the concept of Climate Technology Centre be broadened to include Climate Technology Centre and regional centres.

<sup>2</sup> There was a suggestion that these sub-paragraphs be moved to the section on roles and responsibilities.

- (c) Balance consideration of mitigation and adaptation technologies consistent with the needs, requests, and capabilities of developing country Parties;
- (d) Maintain neutrality when advising on environmentally sound technologies for mitigation and adaptation;
- (e) [Maximize the effective use of available resources and prioritize the allocation of resources, as appropriate];
- (f) [Form multisectoral expert groups to conduct technology assessments and will look into the potential environmental, social and economic impacts and the appropriateness of new and emerging technologies on a needs basis];
- (g) [To undertake assessments in an independent manner, without conflict of interest, including existing, new and emerging technologies so as ascertain their appropriateness for adoption in or transfer to developing countries];
- (h) To identify, suggest, and take measures to promote initiatives to overcome or remove obstacles or barriers to technology transfer to and in adopting in developing countries and to endogenous development of technologies in developing countries;
- (i) To explore and implement measures to ensure that international rights and obligations relating to intellectual property shall be supportive and do not run against the objectives of the Convention, identifying, and promoting actions in all relevant forums or flexible mechanisms or intellectual property rights protection, especially those in the public domain].

#### **Architecture**

4. The Climate Technology Centre and Network will consist of:

- (a) A Climate Technology Centre, [which will have a broad understanding of regional and sectoral issues and differences and how it will manage them;]
- (b) A Network with the participation of relevant [existing] [institutions][entities] [capable of responding to requests from non-Annex I Parties] related to technology development and transfer. The Network may include, [inter alia]:
  - (i) [Regional climate technology centres and networks;]
  - (ii) Intergovernmental, international, regional and sectoral organizations, [partnerships] and initiatives that may contribute to technology deployment and transfer;
  - (iii) Research, academic, financial, non-governmental, private-sector and public-sector organizations, partnerships and initiatives;
  - (iv) National technology centres and institutions.<sup>3</sup>

#### **Roles and responsibilities**

##### Climate Technology Centre

5. The [Climate Technology Centre (CTC)] shall manage the process of receiving and responding [for the improvements of the proposals] to requests from developing country Parties and shall work with the Network to respond to such requests. The Climate Technology Centre will receive these requests from developing country Parties [through][from] a nationally designated [institution and/or individual][focal points]. [This

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<sup>3</sup> There was a suggestion to move this sub-paragraph to become sub-paragraph (i).

institution and/or individual][These focal points] [shall consult national stakeholders from the public and private sectors before requesting services from the CTC and] will serve as the official interface between developing country Parties and the Climate Technology Centre, consistent with the country-driven approach of the Climate Technology Centre and Network and in a manner that builds in-country capacity over the long term, [and [the CTC] shall assess the viability, feasibility and [eligibility] of requests from non-Annex I Parties][ on the basis of the agreed guidelines] [in order that the CTC provide reports of this process to the approbation of the Technology Executive Committee (TEC)].

6. The Climate Technology Centre [and Network] would respond to requests by developing country Parties either by itself or by identifying [an] appropriate organization(s) in the network [in order to improve the proposals], [in an open and competitive manner on the basis of their expertise and experience, resources committed to respond to the request, regional coverage, and capacity to build teams appropriate to respond in an expeditious manner.] in consultation with the requesting developing country Party. The Centre will, as appropriate [in line with policies set out by the governing board]:

(a) Receive and assess requests and refine and prioritize those requests in conjunction with the nationally designated institution or individual as appropriate, before deciding whether or not to act on a request;

(a) alt Receive, assess, refine and evaluate each request in order to establish its technical feasibility;

(b) To the extent capacity exists within the Centre, respond directly to approved requests;

(b) alt Initiate the implementation after the determination of the extent to which capacities and resources are available, or can be accessed;

(c) To the extent capacity does not exist within the Centre, provide information on, facilitating access to, mobilize and engage the most appropriate technical assistance and support available in the Network, and stimulate the creation of a tailor-made network to respond to approved requests in order of priority. The engagement of the Network may require the Centre to develop a scope of work, terms of reference and an estimated project cost that can be used to guide the engagement of the Network;<sup>4</sup>

(c) alt Submit a record of the evaluation and recommendation of the prioritization for approval by the TEC;

(d) Provide oversight related to the appropriateness and timeliness of the response [by the Network].<sup>5</sup>

7. [The Climate Technology Centre [in collaboration with regional centres] shall ][establish and maintain the Network by connecting, through an open invitation, a range of relevant institutions such as national, regional and sectoral technology centres as well as other stakeholders, such as non-governmental organizations, academia, research and business communities, as well as other international organizations]. [The governing board of the CTCN shall][It shall] oversee and manage the Network, and in doing so the Climate Technology Centre will establish procedures for:

(a) Participation in the Network that will ensure that the Network is effective, efficient, open, transparent, [inclusive, of a high quality and cost-effective];

<sup>4</sup> There was a suggestion that this sub-paragraph could be moved to the section on network.

<sup>5</sup> There was a suggestion that this sub-paragraph could be moved to the section on the governance of the Climate Technology Centre and Network.

(b) Engaging the Network and individual Network members to respond to specific projects that distribute the work efficiently, effectively and transparently;

(c) Monitoring and evaluating the performance of the Network and [Network members to [maintain][ensure] quality [delivery] control] and to gather the data and information needed to disseminate results, outcomes, and lessons learned [from each project];

(d) [Receiving and responding to any potential grievances raised by [developing country] Parties related to the performance of the [CTC and] Network and taking any necessary actions to resolve those grievances];

(e) [Ensuring fair and open international tendering for any procurement of services, in particular through the Network];

(f) [Procedures for the implementation of principles and provisions of the Convention on matters related to the development and transfer of technologies];

(g) [Procedures to implement measures to ensure that flexible mechanisms related to international rights and obligations on intellectual property shall be supportive and do not run counter to the objective of the Convention];

(h) [Transfer of skills and know-how to use, operate, maintain as well as to understand the technology software and hardware to enhance the capacities in developing countries and promote research and further independent innovation by developing countries, including the potential to recover and promote traditional, local and indigenous knowledge].

8. The Climate Technology Centre [and regional centres] will also [facilitate the provision of information, training and support for programmes to build or strengthen capacity of developing countries to identify technology options, make technology choices and operate, maintain and adapt technology]:

(a) Catalyse and facilitate the development and utilization of new and enhanced networks, partnerships and initiatives to respond to identified gaps and opportunities;

(b) [[Coordinate][ Establish and manage] a roster of technology experts and ensure that all relevant fields of expertise are included in this roster [including gender], in order to serve the various needs of the Technology Mechanism];

(c) [Engage with the members of the Network, as appropriate, with a view to obtaining information on the technology needs assessments and related activities performed on the ground that supported mitigation and adaptation action in developing countries][in order to implement them];

(d) [Facilitate the broad dissemination of information] Act as a knowledge centre by maintaining a highly accessible, interactive and user-friendly knowledge and information platform that will form part of the overall knowledge and information platform of the Technology Mechanism;

(e) [Facilitate the broad dissemination of information and information sharing through information sharing platforms and compiling and disseminating technology information, and best practices and lessons learned through Climate Technology Centre and Network activities];

(f) [Ensure cooperation and information sharing with the Technology Executive Committee as appropriate];

(g) [To undertake or delegate assessments of new and emerging technologies, considering the following criteria: climate friendliness, environmental soundness and safety, human health and safety, social implications and economic affordability];

(h) [To identify and overcome barriers to technology transfer and deployment decides high costs.]

Network

9. The members of the Network will undertake the substantive work to address the [approved] requests [to be acted] on made to the Climate Technology Centre by [focal points of the UNFCCC of] developing country Parties.

10. The relevant members of the Network, in undertaking actions, at the request and under the guidance of the Climate Technology Centre [approved by TEC], will, inter alia:

(a) [In delivering][Deliver] practical technical assistance on the ground [the network should forge partnerships with relevant national entities] in relation to issues including but not limited to, technology strategies, programmes, plans and cooperation projects [to ensure skills transfer at the national level], [while ensuring coordination at the country level];

(b) Assist developing country Parties to transform project, programme [plan] or policy concepts into proposals that meet the standards and criteria of international financial providers;

(c) Provide information, training, capacity-building and technical assistance [in consideration of decision 7/CP.16 on Article 6 of the Convention] for the preparation of country-driven planning, the identification of technology options [, including endogenous technologies] [(including technology needs assessments)] and the development of technology strategies across the stages of the technology cycle, for action on mitigation and adaptation, including stimulating technology innovation;

(d) Provide advice, related to capacity building and technical assistance on policy options that could encourage the more rapid adoption and diffusion of environmentally sound technologies and practices;

(e) [Serve as and provide experts for the roster of technology experts referred to in paragraph 8(b), above];

(f) [Make information available for the identification of potential funding resources];

(g) [Enable the implementation of activities that will result in the development/adaptation, transfer and commercialization of technologies which respond to national needs and circumstances;]

(h) [Submit periodical reports of CTC, including recommendation and support necessary actions to address and remove the barriers to technology development and transfer which were identified by developing country Parties, in order to enable enhanced action on mitigation and adaptation. As well as assessments of the progress and evaluation;

(i) Ensure sharing of publicly funded technologies and related know-how, including by making the technologies and know-how available the public domain in a manner that promotes transfer of and/or access to environmentally sound technology and know-how to developing countries on royalty-free terms;

(j) Develop technology assessment is important, as the Technology Mechanism has to assess the suitability of technology before recommending or arranging its transfer or adoption;

(k) Identify, suggest and take measures promote initiatives to overcome or remove obstacles/barriers to technology transfer to and adoption in developing countries. Among the barriers may be high cost of the technology, lack of financial resources and human expertise, lack of institutional arrangements to identify and introduce technologies, and intellectual property that may influence access;

(l) Analyse and recommend further activities to expand technologies in the public domain. Nothing in international intellectual property agreements shall be interpreted or implemented in a manner that limits or prevents any Party from taking measures to address climate change, in particular the development and transfer of technologies;

(m) Identify, suggest and promote actions in all relevant forums to exclude from intellectual property rights (IPR) protection and revoke existing IPR protection in developing countries and least developed countries on environmentally sound technologies to adapt to and mitigate climate change, including those developed through funding by governments or international agencies;

(n) Promote research and further independent innovation by developing countries, including the potential to recover and promote traditional and indigenous knowledge;

(o) Based on policies and guidelines of the TEC, the components of CTCN are in charge to develop a strategic mid/term work programme, with annual work plans that specify its milestones, activities and deliverables in performing its agreed functions and the requirements of the Parties, the linkages with other institutional arrangements under and outside of the Convention, resources needed to support their work and procedures for measuring its performance and impact.]

#### **[Budget, financial means and estimate of expected funding**

11. The funding for the core operating budget of the Climate Technology Centre should be sufficient to ensure its effective operation.

12. In kind contributions from the host organization and participants of the Network will also help to support the Climate Technology Centre and Network.]

#### **Governance of the Climate Technology Centre and Network**

13. The Climate Technology Centre will be hosted by the organization [selected] [approved] by the Conference of the Parties, in accordance with the selection procedure and criteria contained in the annex.

##### *Option 1:*

14. The Climate Technology Centre will be independent and accountable to, and under the guidance of, the Conference of the Parties and its related bodies as delegated. The legal and administrative arrangements for hosting the Climate Technology Centre will be developed by the host organization for approval by the Conference of the Parties.

15. The Climate Technology Network, in undertaking work at the request of the Centre, will be responsive to and accountable to the Climate Technology Centre.

16. The Climate Technology Centre will be governed by a governing body, constituted by the host organization.

17. In constituting the governing body, the host organization will include appropriately knowledgeable representatives from civil society.

18. To facilitate linkages between the Technology Executive Committee and the Climate Technology Centre and Network, the Chair and Vice-chair of the Technology Executive Committee should be invited to attend meetings as ex officio members.

19. The governing body, in governing the Climate Technology Centre and Network, will:

(a) Ensure the accountability of the Climate Technology Centre and Network to the United Nations Framework Convention on Climate Change;

(b) Develop operational criteria and guidelines in line with the guidance provided by the United Nations Framework Convention on Climate Change and its related bodies as delegated;

(c) Ensure effective management and planning, including the smooth functioning of the Network, to meet the requirements of timeliness, appropriateness and responsiveness to requests from Parties, consistent with the guidance provided;

(d) Review and approve the budget, business plan, annual operating plans and reports of the Climate Technology Centre and ensure good business practices and prudent use of resources;

(e) Ensure the application of fiduciary standards, and legal and ethical integrity.

*Option 2:*

20. The Climate Technology Centre shall be governed by the Technology Executive Committee, which shall provide, inter alia:

(a) Recommendations to the Conference of the Parties on matters related to activities and/or outcomes of activities eligible for financial support from the financial mechanism;

(b) Policy direction on issues such as prioritization, operational criteria and guidelines, human resources policies, and designation of organizations as the Network members;

(c) Oversight, including review, on issues such as responsiveness to requests, timelines, and appropriateness of response;

(d) Financial control of the Climate Technology Centre, such as approval of budget, resources and audit;

(e) Monitoring and evaluation of the speed and effectiveness of technologies transferred;

(f) Reviewing the implementation of the approved work programme of the Climate Technology Centre and reporting it back to the Conference of the Parties.

*Option 3:*

21. The Climate Technology Centre and Network shall operate independently within its terms of reference and be accountable to, and under the guidance of, the Conference of the Parties and its related bodies as delegated; it will also take into account the strategic guidance provided on an annual basis by the Technology Executive Committee.

22. The Climate Technology Centre shall establish annually a work programme in order to operationalize its roles as referred to in paragraphs 5–8 above, while prioritizing action on requests from developing countries, which are submitted through national focal points.

23. The evaluation of the operational performance, the auditing of the budgetary performance, the approval of the budget, operating/business plans and reports, ensuring

fiduciary standards, and the legal and ethical integrity of the Climate Technology Centre should be ensured in accordance with the governance structure of the host.

*Option 4:*

24. The Climate Technology Centre and Network shall operate within its terms of reference and be accountable to, and under the guidance of the Conference of the Parties, through a board.

25. The Climate Technology Centre and Network shall take into account, the strategic guidance provided by the Technology Executive Committee. The strategic guidance should include:

- (a) Areas of prioritization;
- (b) Best practices regarding technological choices and policy interventions;
- (c) Endogenous capacity building and technology development and innovation.

26. The [Board][Steering Committee] [will provide guidance and oversight to the Climate Technology Centre and Network][, with a view to [fostering][ensuring] accountability to the Conference of the Parties,] [will][on matters related to]:<sup>6</sup>

- (a) [Provide guidance on the Climate Technology Centre and Network] Report[ing] to the Conference of the Parties [through the subsidiary bodies];
- (b) [Establish][Provide guidance on] Operational [criteria on] prioritization [criteria];
- (c) [Provide][Criteria for] Designation of organizations as network members;
- (d) [Approve] Programme of work [and budget];
- (e) Monitoring and evaluation of the responsiveness of the Climate Technology Centre and Network to requests, timelines, and appropriateness of response;
- (f) Selection of the CEO of the Climate Technology Centre and Network;

27. The Climate Technology Centre and Network will provide an annual report of its activities, along with lessons learned and recommendations, to Technology Executive Committee who shall forward it to the Conference of the Parties with its assessment and recommendations.

28. The Board of the Climate Technology Centre and Network shall consist of:

- (a) The chair of the Technology Executive Committee;
- (b) The vice chair of the Technology Executive Committee;
- (c) A representative of financial mechanism;
- (d) A representative of the secretariat;
- (e) A representative of the management of the host organization.

29. The CEO of the Climate Technology Centre and Network shall be the secretary of the Board.

30. The host organization will provide the necessary administrative and infrastructural support for the effective functioning of the Climate Technology Centre and Network.

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<sup>6</sup> There is a need to clarify who would provide required inputs for the board/steering committee to take action.

**Organizational structure of the Climate Technology Centre**

31. The organizational structure of the Climate Technology Centre will be designed and managed to maximize the effectiveness and efficiency of its operations.
32. The Climate Technology Centre shall have a lean cost-efficient organizational structure, within an existing institution, led by a Director that will manage a small core team of professional and administrative staff, as required, and to be appointed by and responsible to the host organizations governance structure in order to meet its responsibilities and to efficiently and effectively perform its functions.
33. The Director will be approved by and accountable to the governing body for the effectiveness and efficiency of the Climate Technology Centre in carrying out its functions.
34. As soon as practicable after appointment, the Director will facilitate the timely recruitment of the staff of the Climate Technology Centre.
35. In addition to the core team of the Climate Technology Centre, the host organization, national governments and members of the Network are encouraged to second appropriately skilled experts to the Climate Technology Centre on a fixed-term basis. Secondment arrangements will be made in such a manner as to avoid and manage conflicts of interest.

**Reporting and review**

36. The Climate Technology Centre shall provide an annual report on its activities and those of the network and the performance of their respective functions,

*Option 1:* to the Technology Executive Committee two months prior to the Conference of the Parties in order to allow it to review and forward the report with its comments

*Option 2:* to be approved by the governing body to the Conference of the Parties through the subsidiary bodies in accordance with the interim reporting arrangements contained in decision 1/CP.16, paragraph 126.

*Option 3:* to the Conference of the Parties through the subsidiary bodies in accordance with the interim reporting arrangements contained in decision 1/CP.16, paragraph 126. The Climate Technology Centre should also provide the Technology Executive Committee with an annual report on its activities and the performance of its function, with a view to providing an input to the Technology Executive Committee, on its recommendations to the Conference of the Parties.

37. The report will contain all the information necessary to meet the principles of accountability and transparency required by the UNFCCC, and shall also include information on requests received and activities carried out by the Climate Technology Centre and Network, information on the efficiency and effectiveness in responding to these requests, and information on ongoing work as well as lessons learned and best practices gained from that work.

38. The Conference of the Parties will undertake an independent review of the effective implementation of the Climate Technology Centre and Network after three years following its inception. The findings of the review, including any recommendations for enhancing the performance of the Climate Technology Centre and Network, will be considered by the Conference of the Parties. Subsequently, periodic independent reviews of the effectiveness of the Climate Technology Centre and Network will be conducted every five years.

**Term of Agreement**

39. The initial term of agreement to host the Climate Technology Centre and Network will be for three years, with two three-year renewal options. Following the renewal options, there could be a new solicitation to host the Climate Technology Centre and Network or there could be further renewal options if so decided by the Conference of the Parties.

40. The renewal of agreement is subject to the host organization fulfilling its functions laid out above and its responsiveness to the direction given to it in paragraph 5–8 above.

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## Annex IX

### **Criteria to be used to evaluate and select the host of the Climate Technology Centre and Network and information required to be included in the proposals**

#### **I. Criteria to be used to evaluate and select the host of the Climate Technology Centre and Network**

1. The proposals will be evaluated against the following criteria:
  - (a) Technical approach, which includes:
    - (i) An organizational structure able to ensure effective operations with an appropriate regional focus;
    - (ii) A feasible approach on how it plans to [set up and] organize the Network;
    - (iii) [Appropriate] capacity to respond to requests from Parties;
    - (iv) [Comprehensive understanding of issues relating to technology development and transfer]
  - (a).bis Evaluation and integrity, which includes:
    - (i) A transparent governance structure with the capability to ensure the evaluation of operational performance;
    - (ii) Maintenance of fiduciary and ethical standards that are in line with the principles of the United Nations;
  - (b) A [sound] management and administrative plan, which includes:
    - (i) Appropriate auditing mechanisms of budgetary performance, the preparation of the budget, operating/business plans and reports;
    - (ii) [Clear and adequate organizational arrangements to handle a broad spectrum of contents and volume of requests];
    - (iii) The ability to provide high-quality administrative, infrastructural and logistic arrangements, [legal capacity] and accessibility to all the Parties not included in Annex I to the Convention (non-Annex I Parties);
    - (iv) A demonstrated capability to ensure fair and open international tendering for any procurement of services;
  - (c) Experiences, expertise, and capabilities, which includes:
    - (i) A proven track record of several years of activities directly connected to the functions of the Climate Technology Centre and Network (referred to hereinafter as the CTCN) as referred to in decision 1/CP.16, paragraph 123, and the roles and responsibilities of the Climate Technology Centre as referred to in the terms of reference of the CTCN;
    - (ii) [Demonstrated] regional coverage and capacity to build teams appropriate to respond fully to requests of non-Annex I Parties in an expeditious manner;

(c).bis Capacity to involve the private sector, which includes demonstrated capability to involve the private sector (i.e. industry enterprises) in order to maximize their contributions to the network activities, in their respective areas of work, as providers of technology-related services and technology investments in relation to the Technology Mechanism;

(d) Value for money, which includes:

(i) Cost-effectiveness;

(ii) Financial and in-kind resources to be provided, which include capacity and preparedness to provide some cost sharing for the Climate Technology Centre operations.

2. The respective weights are [XX] for technical approach, [XX] for evaluation and integrity, [XX] for sound management and administrative plan, [XX] for experiences, expertise, and capabilities, [XX] for capacity to involve the private sector and [XX] for value for money.

2.bis. Proposals need to score a minimum of [XX] out of minimum total of [XX] points. Best value for money will be calculated as follows: for the proposals at, or above, the minimum [XX] levels, the overall budget estimation for the delivery of the assigned functions of the CTCN will be divided by the total number of points scored and the proposal with the lowest ratio will be selected.

3. All other criteria being equal, preference shall be given to a host organization located in a developing country.

## II. Information required to be included in the proposals

4. Prospective hosts of the CTCN must provide information in their proposals demonstrating how they will excel in implementing the terms of reference. The proposal should be organized so as to respond to the outline of the evaluation criteria [in a concise manner]. Failure to include all information as specified may result in the rejection of the proposal as being non-responsive. The information required includes:

### 1. Technical approach

5. The proposal must address two key areas relating to the prospective host's technical approach, including:

(a) Understanding of issues relating to development and transfer of technologies for mitigation and adaptation:

(i) Understanding of regional and sectoral issues and differences regarding specific technology information;

(ii) Presenting a comprehensive understanding of challenges and opportunities in developing countries in the context of the development, transfer and diffusion of technology and the necessary/needed technical services throughout the entire technology cycle;

(iii) Describing realistic measures to be taken and a clear strategy for promoting sustainability through the development of local technical capacity;

(iv) How the CTCN can be an effective tool to diffuse climate-friendly technology;

(b) A strategic approach to setting up and operating the CTCN:

- (i) The overall vision of the prospective host for the CTCN and how to accomplish the mission as contained in annex VIII, paragraph 1;
- (ii) Challenges in the development, set up and administration of the CTCN;
- (iii) The proposed modalities and delivery mechanisms to operationalize the functions of the CTCN, including the information given in paragraph X in order to ensure scarce resources are allocated where they will have a long-term sustainable impact;
- (iv) [The potential role of regional centres and the proposed organization at the regional and sub regional level][The appropriate regional focus and the potential roles of regional centres];
- (v) An initial indication of how the host would [approach and organize] [structure] the Network and involve a wide range of other relevant organizations, initiatives and the private sector in the Network;
- (vi) How the relationship with the Network will [promote the voluntary membership in the Network and how it would manage relations with the participating organizations] [be forged];
- (vii) Interaction of the Climate Technology Centre with the national entities and the Network;
- (viii) How the CTCN will create and maintain relationships with developing countries to ensure effective and efficient lines of communication for assistance solicitation;
- (ix) How the CTCN will interact and coordinate with other development assistance organizations (e.g. donor organizations) to minimize redundancy.

**1.bis Evaluation and Integrity**

5.bis The proposal must provide:

- (a) A performance monitoring plan that provides details on how the host organization will provide oversight, monitor and evaluate the [operational] performance of the CTCN and identify and make mid course corrections to resolve issues or problems and improve project performance, results and outcomes;
- (b) [A draft charter for the governing body that includes operational modalities of the governing body, as well as the frequency of meetings and their venue, length of term, term limits, removal and replacement criteria and procedure, voting rules, etc., as well as a notional position description for the director of the CTCN;]<sup>1</sup>
- (c) Documented record of sound financial management in line with the fiduciary standards of the United Nations;
- (d) Information and documentation on how the CTCN will maintain ethical integrity in line with the principles of the United Nations.

**2. Management and administrative plan**

6. The management and administrative plan shall include the following elements:

- (a) The proposed organizational arrangements, including a staffing plan and an organizational chart for the CTCN, management systems, team members and methodological approaches, such as how the CTCN would prioritize its work and allocate

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<sup>1</sup> To be considered together with option 1 of annex VIII, paragraphs 14–19.

its resources in an effective and efficient manner in order to handle a broad spectrum of contents and volume of requests;

(b) Risk [management] [and scenario planning];

(c) A plan and schedule for initiating the rapid start-up of the CTCN, including the recruiting of essential staff (for the Centre) and securing the working space and facilities necessary for the Centre to become operational;

(d) The administrative and legal arrangements, logistics and infrastructural services to be provided by the host, [including the location of the CTCN main office and any supporting offices], and the management of potential liabilities and legal risks, in particular the accessibility to all non-Annex I Parties;

### **3. Experience, expertise, and capabilities**

7. The proposal shall describe the prospective host's institutional experience, expertise, and capabilities as described below:

(a) Capability to manage complex projects and worldwide/regional/in-country contracts/etc.; work effectively with different clients and interest groups towards shared and complementary objectives; manage and administer large and small, short- and long-term projects in developing countries, and manage any associated potential liabilities and legal risks;

(b) Capability to leverage current relationships and assemble technical assistance teams, including subcontractors, place them in the field in a timely manner, and provide them with all necessary support; simultaneously manage multiple assistance projects involving collaborative efforts drawing upon multi-disciplinary skills [including gender expertise]; and manage cross-sectoral teams of experts, in-country contractors, and private-sector entities;

(c) Capability to build requesting country capacity and facilitate the transfer of technology and technology diffusion in developing countries;

(d) Involvement with similar networks and description of relevant projects/activities, including functions that overlap with the CTCN [on both adaptation and mitigation];

(e) Work done in a broad range of regions in the world, including the scope of current operations (regional offices/bureau that could support the Climate Technology Centre);

(f) Current relationships that could be leveraged for development of the Network;

(g) Experience in the management of large sums of money over several years as well as experience in preparing detailed budgets, financial plans, and working within constrained and potentially fluctuating budgets without compromising quality.

#### **3.bis Capability to involve the private sector**

7.bis Demonstrated capability/experience in international multi-stakeholder cooperation, including especially involvement with the private sector, in the development and transfer of environmentally sound technologies for adaptation and mitigation and the facilitation of networks.

### **4. Value for money**

8. Cost-effectiveness, including the following:

- (a) Budget estimation for the delivery of the assigned functions of the CTCN;
  - (b) Percentage of the overall operating budget [under a budget of X, Y, Z per year] to be used for administrative costs, infrastructure, budgetary support, human resources and overheads;
  - (c) Information on the business model for the Climate Technology Centre that will enable its financial sustainability;
  - (d) [Description of the service level provided when replying to a typical request, including information on detailed activities carried out, number of employees involved, number of working hours required per request, average cost per request].
9. Financial and in-kind resources to be provided include the commitment of resources from the host (e.g. financial, in-kind, staff, infrastructure, budgetary support, expertise and human resources), [including the total sum in monetary terms].
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## Annex X

### Activities and timelines for the first review

<i>Activities</i>	<i>Indicative time frame</i>	<i>Key actors</i>
[Option 1: Assuming SBSTA and SBI will conduct the review]		
[Option a: summarizing all activities]		
8. Organize workshops for Parties, with relevant intergovernmental organizations, multilateral bodies making presentations on any matter within the scope of the review, particularly on finance, technology, and capacity-building support for developing countries	2013–2014	Secretariat
9. Consider the information referred to in decision 1/CP.16, paragraph 139, and other relevant information provided by Parties and intergovernmental organizations, in particular the United Nations Environment Programme, International Energy Agency reports, outputs of the Nairobi work programme on impacts, vulnerability and adaptation to climate change, World Bank/other United Nations agency reports, including the International Civil Aviation Organization, the International Maritime Organization and the secretariat of the Montreal Protocol	2013	Subsidiary bodies
10. Organize a workshop for the consideration of the results of the Special Reports on Renewable Energy for Climate Change and Extreme Events and Disaster Risk Reduction	June 2013	Secretariat
11. Organize a workshop for the consideration of the results of the Working Group I Report of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change and prepare the report on the workshop for consideration by the Conference of the Parties	December 2013, COP 19	Secretariat, IPCC
13. The continuation of the consideration of the inputs and the preparation of a report by the subsidiary bodies on their assessment for consideration by the Conference of the Parties on the basis of the information available at that time; the Fifth Assessment Report of the Intergovernmental Panel on Climate Change and other information (e.g. biennial reports)	2014	Subsidiary bodies
14. Consider information on finance and technology support to developing countries by developed countries in their sixth national communications,	2014	Subsidiary Body for Implementation

<i>Activities</i>	<i>Indicative time frame</i>	<i>Key actors</i>
as well as financial and technological needs of developing countries as reflected in their second national communications, as well as any relevant information from intergovernmental and multilateral organizations		
15. Consider the inputs provided by Parties included in Annex I to the Convention in the sixth national communications and by Parties not included in Annex I to the Convention in their first biennial update reports, which should be made available by 1 January 2014	2014	Subsidiary bodies
16. Organize workshops for the consideration of the results of the Working Group II and Working Group III Reports of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change	June 2014, SB XX	Secretariat, IPCC
17. Organize a workshop for the consideration of the Synthesis Report of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change	Dec 2014, COP 20	Secretariat, IPCC
20. Take into account and adequately assess all inputs referred to in the section on inputs, and provide a report to the Conference of the Parties as a means to inform the review process	Dec 2014, COP 20	Subsidiary bodies
21. The preparation of a draft decision for adoption by the Conference of the Parties at its twenty-first session as the outcome of the review. The Conference of the Parties shall take appropriate action based on the review  [Option b: only the activities included in CRP.17]	2015	Subsidiary bodies
23. Invite the Intergovernmental Panel on Climate Change, the United Nations Environment Programme, the United Nations Development Programme and other relevant organizations as well as Parties to provide information on the inputs as referred to above	Jan 2013– Dec 2014	IPCC, UNEP, other relevant organizations, Parties
24. Request the subsidiary bodies to collect and consider inputs as referred to above	Jan 2013– Dec 2014	Subsidiary bodies
25. Request the subsidiary bodies to compile the input information into a synthesis report	Jan 2015– Jun 2015	Subsidiary bodies
26. Request the subsidiary bodies to, building on the synthesis report and based on the review principles and guidelines, generate and present a review report at COP 21, building on the synthesis report and based on the review principles and guidelines, as the conclusion of the review process	Jun 2015– Dec 2015	Subsidiary bodies, Secretariat
27. After the completion of the review, the Conference of the Parties should take appropriate action at its twenty-second session based on the review,	Dec 2016 COP22	Conference of the Parties

<i>Activities</i>	<i>Indicative time frame</i>	<i>Key actors</i>
including the consideration of strengthening the long-term global goal, for example in relation to the temperature rise of 1.5 °C  [Option 2: Assuming the Review Expert Body will conduct the review]		
6. Convene the initial meeting of the [Review Expert Body]	Early 2012	Executive Secretary of the Secretariat, in consultation with the President of the Conference of the Parties
7. Conduct the technical phase and periodic consultative workshops inviting representation from all Parties [in coordination with meetings of SBSTA]	2013–2014	[Review Expert Body]
12. Report to the Conference of the Parties at its nineteenth session on progress made in fulfilling its task	December 2013, COP 19	[Review Expert Body]
18. Report to the Conference of the Parties at its twentieth session on progress made in fulfilling its task and to its twentieth session a report on its findings and recommendations on the issues referred in paragraph [4 and] 138 of 1/CP.16	Dec 2014, COP 20	[Review Expert Body]
19. Consider the advice and recommendations of the Review Expert Body and establish an ad hoc working group or appropriate negotiating body with a lifespan of one year to develop options for appropriate action pursuant to decision 1/CP.16, paragraph 139 (c), for consideration and action by the Conference of the Parties at its twenty-first session in 2015	Dec 2014, COP 20	Conference of the Parties
22. Consider the advice of the Review Expert Body and provide recommendation to COP 21 in 2015, on immediate and appropriate mitigation actions and pathways	Jun 2015 SB42	Subsidiary Body Scientific and Technological Advice