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

Fifth session

Bonn, 29 March to 8 April 2009

Agenda item 3 (b)

Enabling the full, effective and sustained implementation of the Convention through long-term cooperative action now, up to and beyond 2012, by addressing, inter alia: Enhanced national/international action on mitigation of climate change

Workshop on subparagraphs 1 (b) (i) and 1 (b) (ii) of the Bali Action Plan

Report by the chair of the workshop

I. Introduction

1. The Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) agreed at its first session that its work should be facilitated by workshops and other activities to clarify and deepen understanding of the elements contained in decision 1/CP.13 (the Bali Action Plan). The AWG-LCA, at its third session, requested the secretariat, under the guidance of the Chair and in consultation with Parties, to organize a workshop at its fifth session on subparagraphs 1 (b) (i) and 1 (b) (ii) of the Bali Action Plan.¹
2. As agreed at the third session of the AWG-LCA, the workshop was organized in two parts, each dealing with one of these subparagraphs and together covering the substance of both subparagraphs in their entirety.²
3. This note by the Chair of the AWG-LCA, Mr. Michael Zammit Cutajar, who also chaired the workshop, summarizes the presentations, exchange of views and discussions by Parties at the workshop. Background to the discussions in the workshop was provided by submissions from Parties,³ by the assembly document⁴ and the focus document,⁵ prepared for the fourth and the fifth sessions, respectively, of the AWG-LCA; and by the Chair's summaries of views expressed at the previous sessions of the AWG-LCA.⁶

¹ FCCC/AWGLCA/2008/3, paragraph 26.

² FCCC/AWGLCA/2008/12 and Corr.1, paragraph 34.

³ FCCC/AWGLCA/2009/MISC.1 and Add.1-3.

⁴ FCCC/AWGLCA/2008/16/Rev.1.

⁵ FCCC/AWGLCA/2009/4 (Parts I and II).

⁶ FCCC/AWGLCA/2008/6, FCCC/AWGLCA/2008/11, FCCC/AWGLCA/2008/13 and FCCC/AWGLCA/2009/3.

4. At the closing of the workshop, the chair summarized the main points presented and indicated that the discussion on subparagraphs 1 (b) (i) and 1 (b) (ii) will continue in the follow-up meetings of the contact group on enhanced actions on mitigation and its associated means of implementation.

II. Summary of discussions

A. Measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives, by all developed country Parties, while ensuring the comparability of efforts among them, taking into account differences in their national circumstances

5. The presentations and discussion during the first part of the workshop on subparagraph 1 (b) (i) of the Bali Action Plan covered a wide range of issues relating to:

- (a) The level of ambition of mitigation action by developed country Parties;
- (b) Scope and form of nationally appropriate mitigation commitments or actions by developed country Parties;
- (c) Comparability of efforts and national circumstances;
- (d) Measurement, reporting and verification of commitments or actions.

6. Presentations were made by Brazil on behalf of the Group of 77 and China, the Czech Republic on behalf of the European Community and its member States, Barbados on behalf of the Alliance of Small Island States, Bolivia, New Zealand, South Africa, India, the United States of America, Turkey and China. The following Parties made interventions and participated in the discussions: the Philippines, Algeria, India, Solomon Islands, Turkey, Togo, Canada, Brazil, Croatia, Saudi Arabia, South Africa, Slovenia, Ecuador, Barbados and the Russian Federation. A statement was made by a representative from the Sustainable Markets Foundation.

7. The debate was characterized by the sense of urgency to act on mitigation in order to limit the increase in the global mean surface temperature to 2 °C and to prevent or alleviate the adverse impacts of climate change, consistent with the findings in the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC). In that context, Parties proposed that a collective effort by developed countries to reduce their greenhouse gas (GHG) emissions should lead to a reduction in their emissions of not less than 40 per cent, 25 to 40 per cent or 30 per cent below 1990 levels by 2020.

8. A group of Parties noted that the scientific findings that have become available since the publication of the AR4 show the feasibility of following lower stabilization mitigation scenarios that would limit the increase in global surface temperatures to below 1.5 °C. They urged Parties included in Annex I to the Convention (Annex I Parties) to collectively reduce their GHG emissions by more than 40 per cent below 1990 levels by 2020 and by more than 95 per cent by 2050. They stressed that the extent of adverse impacts on the most vulnerable developing countries will depend on the timeliness and level of ambition of the action undertaken by developed countries.

9. Parties concurred that developed country Parties should take the lead in modifying longer-term trends in GHG emissions, consistent with the objective and provisions of the Convention, through ambitious mitigation commitments or actions. Some Parties emphasized that commitments of developed country Parties should take the form of binding quantitative economy-wide emission reduction commitments, noting that enhanced mitigation action under the Convention should not detract from the commitments of developed country Parties under the Kyoto Protocol. A few Parties noted the

importance of defining the time when global emissions should peak and the possibility of several pathways to the same long-term emission reduction goal.

10. There were suggestions that the overall level of ambition for the climate regime should be set under the AWG-LCA, including a collective target for all Annex I Parties in aggregate and also targets for those Annex I Parties that are not Parties to the Kyoto Protocol.
11. One Annex I Party made a presentation on its proposed national actions which would be binding domestically, including an increase in the provision of funding for clean energy. A question was raised as to how such national actions would relate to the UNFCCC process.
12. Some Parties commented on the means to implement commitments by Annex I Parties, including on the share of offsets in the implementation of those commitments, the role and use of emission credits from the first commitment period under the Kyoto Protocol; the role of credits from the land use sector; and domestic mitigation efforts being undertaken in developed countries.
13. Several Parties highlighted the importance of the historical responsibility of developed country Parties for climate change. In this context, one Party stated that developed countries owe a historical debt to developing countries because of their over-use of the atmospheric resource, which now limits the carbon space for developing countries, further noting that the aim should be “living well”. The need for changing consumption/production patterns in developed countries was mentioned in this respect.
14. The importance of comparability of efforts among developed country Parties was highlighted by many Parties. Some Parties noted the need for a balanced set of criteria on comparability. At the same time, Parties expressed diverse views on how to define such criteria. For example, some Parties suggested using the capability to pay, mitigation potential, the factor of early action, population trends and total GHG emissions as possible comparability criteria while others suggested that an important criterion was historical responsibility.
15. Some Parties stressed that comparable effort requires all Annex I Parties to take the same form of legally binding commitments, use the same base year definitions as those adopted under the Kyoto Protocol and assume a comparable level of GHG emission reductions among all Annex I Parties.
16. One Party presented a tool for estimating the costs of achieving emission reduction targets and noted that understanding the costs can help to make an international agreement acceptable in the country concerned. This Party also noted that such a tool could be used for comparability assessments.
17. An Annex I Party referred to decision 26/CP.7 and described its particular situation under the Convention, noting the many similarities with developing country Parties. In view of this situation, the Party emphasized that the enhanced climate change regime should be flexible, take national circumstances fully into account, and be acceptable to all Parties.
18. In the discussion on measurement, reporting and verification, some Parties highlighted the need to use a system for monitoring compliance with commitments undertaken by developed country Parties. An establishment of a technical panel on comparability that would report to both the Conference of the Parties (COP) and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol was suggested in this regard. There were suggestions to use GHG inventories and national communications submitted by Annex I Parties as tools for measurement, reporting and verification of commitments or actions.
19. Regarding how to measure, report and verify mitigation commitments or actions, most Parties suggested building upon the existing provisions under the Kyoto Protocol. Several Parties made references to the relevance of Articles 5, 7 and 8 to procedures related to measurement, reporting and verification.

B. Nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner

20. The second part of the workshop addressed subparagraph 1 (b) (ii) of the Bali Action Plan. The presentations and ensuing discussion covered a wide range of issues relating to nationally appropriate mitigation actions (NAMAs) by developing country Parties, including:

- (a) The nature and scope of NAMAs by developing countries in the context of sustainable development and their contribution to enhanced action on mitigation in accordance with their capabilities and national circumstances;
- (b) The scope and functions of a mechanism to recognize NAMAs and facilitate the matching of actions with support;
- (c) Measurement, reporting and verification of actions and support.

21. Presentations were delivered by Barbados on behalf of the Alliance of the Small Island States, Brazil on behalf of Group of 77 and China, the Czech Republic on behalf of the European Community, the United Republic of Tanzania on behalf of the least developed countries (LDCs), South Africa, Japan, India, the Republic of Korea, Singapore, China and Saudi Arabia. The following Parties made interventions and/or participated in the discussion: the Philippines, Papua New Guinea, Canada, Algeria, the Islamic Republic of Iran, Pakistan, India, New Zealand, Samoa, Australia, the United Kingdom of Great Britain and Northern Ireland, Guatemala, Benin, Nicaragua and Germany. Statements were also made by representatives from the Tebtebba Foundation on behalf of the indigenous peoples' organizations, by Third World Network and by Friends of the Earth International.

22. Parties noted that NAMAs should be implemented in accordance with the principles of the Convention and support the goals of sustainable development and poverty eradication. Parties also stressed that enhanced support in the form of technology, financing and capacity-building, provided in a measurable, reportable and verifiable manner, is essential for enhanced mitigation actions by developing country Parties. Some Parties emphasized that the extent of mitigation actions taken by developing countries will depend on the effective provision of financial and technological support by developed countries, as enshrined in Article 4, paragraphs 3 and 7, of the Convention.

23. Several Parties, while acknowledging that developed countries should take the lead in the global mitigation effort, noted that NAMAs by developing country Parties should also contribute to enhanced action to mitigate climate change in accordance with countries' capabilities and national circumstances. Many developing country Parties pointed out their readiness and, indeed, their need, to pursue a clean development path with the goal of reaching a significant deviation from an emission baseline. A group of Parties pointed out that developing NAMAs can also be seen as a means for small island developing States and LDCs to realize their sustainable development aspirations.

24. Regarding the level of ambition for NAMAs, another group of Parties suggested that developing countries as a group could contribute in a manner consistent with a level of ambition equating to a 15–30 per cent deviation from a GHG emissions baseline by 2020 in order to keep the global temperature increase below 2 °C. Some other Parties challenged this view, questioning the assumptions underlying these numbers.

25. Many Parties noted that developing countries have already been engaging in mitigation efforts. The importance of international recognition for NAMAs by developing country Parties was highlighted. Parties sought greater clarity on what such international recognition would actually mean and what it might imply for both mitigation actions by developing country Parties and the provision of support by

developed country Parties. It was also pointed out that there is already some recognition of NAMAs on the basis of information available through national communications, for example.

26. Several presentations and interventions addressed the nature and scope of NAMAs. On one hand, it was emphasized that their nature should be distinct from the nature of commitments of developed countries and that they should not constitute binding obligations or targets for developing countries, or be a basis for differentiating among them. On the other hand, it was suggested that NAMAs should be different for different groups of countries, depending on the level of development of their economies and capacities. Some Parties used the term “advanced developing countries” in the context of enhanced mitigation actions, while others questioned the use of this term, arguing that it is not defined under the Convention.

27. On the question of what should be considered NAMAs, some Parties suggested that NAMAs can be broadly classified into three categories: (1) actions undertaken unilaterally by developing countries; (2) actions undertaken with international support; and (3) actions rewarded through international carbon crediting mechanisms. Other Parties argued that NAMAs can only be those actions supported by developed countries in meeting the “agreed full incremental costs” of such actions in accordance with provisions of the Convention.

28. Many Parties highlighted that NAMAs should be determined and formulated at the national level (through a “bottom-up” approach), on a voluntary basis. Some Parties pointed out that their national circumstances, such as size, economic development (e.g. in the case of LDCs) or having limited opportunities to use alternative energy sources, do not allow them a wide range of policy options.

29. Parties maintained that NAMAs can range from individual projects in the context of Article 12, paragraph 4, of the Convention to mitigation programmes and strategies. It was suggested that sustainable development actions that also reduce emissions should also be considered NAMAs. A list of examples of specific NAMAs (a “tool box”) presented included sustainable development policies and measures, reducing emissions from deforestation and forest degradation, programmatic clean development mechanism as well as no-lose sectoral crediting mechanisms.

30. It was further proposed that individual NAMAs should be integrated into “low-carbon development strategies” by all developing country Parties by 2012. It was also proposed that NAMAs should be considered in the context of national mitigation programmes and plans that should be periodically reported to the COP. Some Parties expressed concern that setting provisions for such strategies or plans might lead to requirements and conditions for developing countries.

31. A number of presentations were made on a mechanism that would provide international recognition of NAMAs and match actions with support. This mechanism would incorporate features of a NAMA registry initially proposed by South Africa and the Republic of Korea. Saudi Arabia has proposed a support and accreditation mechanism (SAM) under the COP that would provide for registration of NAMAs, matching actions with support from the Convention financial mechanism and crediting NAMAs. The issues raised during discussion of these proposals included the purpose and possible functions of such a mechanism, the type of NAMAs it would register, the information that would be required for each NAMA, as well as measurement, reporting and verification requirements for registration of actions and support.

32. With regard to the purpose and possible functions of such a mechanism, some Parties were of the opinion that it should provide a process for matching action with support and for ensuring an efficient process to direct support, taking into account the associated emission reductions and capabilities of different countries. These Parties suggested that such a mechanism could provide an opportunity for crediting NAMAs. Other Parties suggested that any system to register NAMAs should be distinct from the system established for the provision of support. It was also suggested that provision of support and

matching of support with actions should be operationalized within the context of a future financial mechanism under the Convention. Parties stressed that further clarification and discussion are needed regarding the functions of the proposed mechanism, particularly the possible function of matching action with support.

33. In this context, Parties discussed how support for actions would be sequenced, including whether, and under what circumstances, financial resources should be provided up front or after the supported mitigation action has been carried out. It was proposed that rather than address sequencing, Parties should focus on developing means (possibly through the mechanisms mentioned above) to match action with support in order to ensure most efficient delivery.

34. In relation to the requirement to measure, report and verify mitigation actions by developing countries, it was stressed that this should incorporate the need to assess contributions made to overall GHG emission reduction; while other Parties stated that only the effects of individual actions supported by finance and technology should be measured and reported. Some Parties suggested that procedures for this should be developed, drawing on the experiences gained from the UNFCCC process, including in using IPCC methodologies. In this regard, some Parties stressed that improved GHG emission data at a national and sectoral level, including annual emission inventories, would be an important basis for measuring, reporting and verifying NAMAs as well as for monitoring the contribution of NAMAs to the overall mitigation effort.

35. The question was raised as to whether all actions should be verified by national entities and in accordance with national procedures, or whether verification should be carried out under the auspices of the UNFCCC. It was suggested that nationally funded actions can be verified at the national level but in accordance with internationally agreed guidelines or procedures, and that actions implemented with external support can be verified at the international level. One Party suggested that requirements for measurement, reporting and verification both for actions and for support should be defined within contractual agreements between a developing country Party and the financial mechanism of the Convention.

36. Parties also commented on several other issues, including ways for the carbon market to evolve beyond an offset mechanism; the roles of different sources of financial support, as well as the nature of support; quantified funding targets for mitigation and adaptation; and the idea of establishing an advisory group for sectoral technology cooperation.
