



**Framework Convention on
Climate Change**

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

Thirteenth session

Cancun, 29 November 2010—*

Item 3 of the provisional agenda

**Preparation of an outcome to be presented to the Conference of the Parties
for adoption at its sixteenth session to enable the full, effective and sustained
implementation of the Convention through long-term cooperative action now,
up to and beyond 2012**

**In-session draft texts and notes by the facilitators prepared
at the twelfth session of the Ad Hoc Working Group on
Long-term Cooperative Action under the Convention**

Note by the secretariat

* To continue for as long as necessary as per document FCCC/AWGLCA/2010/3, paragraph 25.

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I. Introduction

1. At its twelfth session held in Tianjin, China, from 4 to 9 October 2010, the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) had before it a negotiating text contained in document FCCC/AWGLCA/2010/14, which remains on the table for consideration at the thirteenth session of the AWG-LCA.
2. At the same session, the AWG-LCA established the following drafting groups to advance negotiation of an outcome to be presented to the Conference of the Parties for adoption at its sixteenth session for adoption:
 - (a) Drafting group on a shared vision for long-term cooperative action; review;
 - (b) Drafting group on enhanced action on adaptation;
 - (c) Drafting group on enhanced action on mitigation;
 - (d) Drafting group on finance, technology and capacity-building.
3. Chapter II of this document contains **draft texts** made available to Parties during the twelfth session that reflect progress made on elements of the negotiating text by the drafting groups mentioned above. These texts were understood by the drafting groups as revisions of corresponding elements in document FCCC/AWGLCA/2010/14. In this document, grey shading is used to indicate which paragraphs contained in document FCCC/AWGLCA/2010/14 were revised.
4. Chapter III of this document contains **notes by facilitators** made available to Parties during the twelfth session. The notes were prepared by facilitators for various purposes, depending on the approach adopted in the drafting group. They contain points of discussion, potential areas of convergence and outstanding issues, questions and issues raised by Parties, of possible elements of a draft decision. The notes have no formal status in the negotiations. They are included in this document for information so that Parties may draw upon them as they advance negotiations.

II. Draft texts

A. A shared vision for long-term cooperative action

Revision of document FCCC/AWGLCA/2010/14, chapter I, paragraphs 1–12

Agrees that

1. [Climate change is one of the greatest challenges of our time.] Parties share a vision for long-term cooperative action [now, up to and beyond 2012] that is to guide and enhance the full, effective and sustained implementation of the Convention in order to achieve its [ultimate] objective as set out in its Article 2 [of the Convention, on the basis of equity and in accordance with common but differentiated responsibilities and respective capabilities]; this vision addresses mitigation, adaptation, finance, technology development and transfer, and capacity-building in a balanced, integrated and comprehensive manner[, giving equal weight to action on adaptation and mitigation]. [This shared vision addresses all the implementation gaps to enable the full, effective and sustained implementation of the Convention now, up to and beyond 2012, on mitigation and adaptation commitments and in particular those related to the provision of financial resources (Article 4, paragraph 3), and to the promotion and transfer of technologies (Article 4, paragraph 5), in the context of Article 4, paragraph 7, of the Convention.].

1 bis. [Parties shall, in all climate change-related actions, ensure the full respect of human rights, including the inherent rights of indigenous peoples, women, children, migrants and all vulnerable sectors, and also recognize and defend the rights of Mother Earth to ensure harmony between humanity and nature.]

1 ter.

Option 1:

[Owing to their historical responsibility for the accumulation of greenhouse gas emissions in the atmosphere, Annex I Parties must show leadership by taking on ambitious, economy-wide, quantified emission reduction commitments and by providing technology, capacity-building, and new and additional financial resources to developing country Parties in accordance with the relevant provisions of the Convention. Delay by Annex I Parties in implementing their short-, medium- and long-term commitments to reduce emissions will seriously impede the achievement of the objective in Article 2 of the Convention, intensify the need for and cost of adaptation, and increase their responsibility for their disproportionate greenhouse gas emissions and the urgency for significantly increased ambition in their mitigation commitments. Such delay by Annex I Parties will increase the level of financial and technological support that they shall provide to developing country Parties.]

Option 2:

[We underline that climate change is one of the greatest challenges of our time. We emphasize our strong political will to urgently combat climate change in accordance with the principle of common but differentiated responsibilities and respective capabilities.]

2. [Radical reductions of emissions commensurate with the threat of climate change are required.] [Parties believe that] [Deep] cuts in global emissions are required according to science[, and as documented in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change] [and strive toward returning greenhouse gas concentrations in the atmosphere to well below 300 ppm CO₂ equivalent] [with absolute reductions by all developed countries and a decline in emissions relative to business as usual by developing

countries] [, with a view to [return concentration to levels as close as possible to pre-industrial levels in the longer-term] reducing global emissions so as to [maintain] [hold] [stay well below a 1.5 degree Celsius increase in global average temperature above pre-industrial levels] the increase in global temperature below [1][1.5][350ppm][2] degree Celsius above pre-industrial levels] [to achieve the ultimate objective of the Convention][to stabilize the total level of greenhouse gas emissions in the atmosphere], and [that] Parties [should][shall] [take [urgent]action][cooperate] to meet this objective consistent with science [and aimed at safeguarding the fundamental right to life] and on the basis of equity [considering that the lack of full scientific certainty about different technologies should not be used as a reason for postponing these actions] [in accordance with the principle of common but differentiated responsibilities] [and respective capabilities] [with developed countries taking the lead] [, [taking into account] [[based on] historical responsibilities and [preceded by a paradigm for] equitable access to global atmospheric space [allocating the remaining carbon budget up until 2050 according to [agreed][the] criteria [, including , inter alia, mitigation potential, taking into account the relative, alternative energy potential of countries] of population and the climate emissions debt of Annex I Parties] [Annex II Parties]]] [based on [per capita] [total] accumulative historical emissions [from 1850 to xxxx], under which the leadership on emission reductions that needs to be shown by [Annex I Parties][Annex II Parties][Parties who have listed their commitments for actions in Appendix I] must be clearly demonstrated and expressed] [taking into account special national circumstances [including those provided in Article [4, paragraph 6,] 4, paragraph 8, 9 and 10 of the Convention.] and respective capabilities of Parties][acknowledging that a certain degree of flexibility shall be allowed to the Parties included in Annex I undergoing the process of transition to a market economy].

3. [[Guided by the categorical imperative of safeguarding human life and subject to the paradigm for equitable access to global atmospheric resources, based on historical emissions referred to in paragraph 2,] [Developed country][Annex I] Parties [other than countries with special circumstances in accordance with decision 26/CP.7] should cooperate in achieving the peaking of [global][their] greenhouse gas emissions [[in 2015 and no later than 2020] [no later than 2015] [by 2020 at the latest,] [in order to hold the increase in global temperature below [1.5] [2] degree Celsius] and the peaking of national emissions] [in 2015] [as soon as possible,] recognizing that the time frame for peaking of national emissions [may vary in different countries] [will be longer in developing country Parties, and bearing in mind that social and economic development and poverty eradication are the first and overriding priorities of developing country Parties] [and that a low-emission development strategy is indispensable to sustainable development.]]

4. [[Subject to the application of the paradigm for equitable access to global atmospheric space based on [per capita] [[total]accumulative historical emissions referred to in paragraph 2 above,] [Guided by the categorical imperative of safeguarding human life and subject to the paradigm for equitable access to global atmospheric resources, based on historical emissions referred to in paragraph 2,] [Parties should collectively reduce global emissions by [at least 50][50][85][95][more than 100] per cent from 1990 levels by 2050 and should ensure that global emissions continue to decline[, and correction factors shall be taken in addressing greenhouse gas inventories to consider special and natural energy requirements for Parties due to natural phenomena of high weather temperature and low water resources,] thereafter.] [Parties should explore, through long-term cooperative action, to achieve a global goal for emission reductions of [at least 50][50][85][95] per cent from 1990 levels by 2050.] [based on the scientific IPCC report.]

[Developed country][Annex I] Parties as a group should [aim to] reduce their greenhouse gas emissions by [in the order of [25][30] per cent][at least [40][45] per cent from 1990 levels by 2020 and] [80 per cent by 2035 and] [[75-85][around 80][80][at least 80-95][more than 95] per cent from 1990 levels by 2050] [more than 100 per cent from

1990 levels by 2040] [underpinned by a mid-term target of at least 40 per cent reductions from 1990 levels by 2020. However, this emission reductions target on the part of developed country Parties as a group does not automatically imply that developing countries will pick up the remainder of the emission reductions, taking fully into account that economic and social development and poverty eradication are the first and overriding priorities of developing country Parties. The extent to which developing country Parties will be able to contribute to the achievement of the long-term global goal will depend on the effective implementation by Annex I Parties and other developed Parties included in Annex II of their commitments under the Convention related to financial resources and transfer of technology. In this regard, developed country Parties should commit to provide [x] per cent of the Gross National Product and compulsory licensing of key climate-friendly technologies to developing country Parties].]

4 bis. [In order to guarantee the compliance of Annex I Parties with the goals adopted in paragraphs 2 and 4, a climate court of justice will be developed.]

4 ter. [The shared vision for long-term cooperative action incorporates the following set of comprehensive goals:]

4 quater. [Parties' work to address climate change needs to take into account the dramatic changes in the world since 1990. In this regard, each Party should take and list mitigation actions commensurate with its capacity to act. As each Party gains capacity to act similar to Annex I Parties, they should undertake action on the same terms. All actions should be transparent, and instil confidence in Parties' ability to address climate change by engaging the international community's expertise and knowledge. Efficient market-based approaches are an important tool to help achieve significant emission reductions at lower cost and contribute to increased financial flows for mitigation in developing countries.]

4 quinquies. [Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the long-term cooperative action of the Convention, should be given full consideration.]

5. [Developing country Parties are faced with urgent and severe long-term challenges from the impacts of climate change including those on crop production, food security, water resources, human health, as well as housing and infrastructure.] [Adaptation [to the adverse effects of climate change] [to climate change and impacts of response measures] is a challenge faced by all [Parties] [countries] and that] enhanced action and international cooperation on adaptation is urgently required [that developed countries provide 3 per cent of their Gross National Product] [to ensure the implementation of the Convention by enabling and supporting] [to enable and support] the implementation of adaptation actions aimed at reducing vulnerability and building resilience in developing countries [especially in those that are listed in Article 4, paragraph 8 of the Convention,] [and countries with special circumstances as recognised by decision 26/CP.7], [taking into account the urgent[, and] immediate [and long-term] needs of developing countries] that are particularly vulnerable [to the adverse effects of climate change], especially the least developed countries and small island developing States, [and other developing country Parties with coastal areas, tropical and mountainous glaciers [and ecosystems], and fragile ecosystems as well as countries facing monsoon variability] and [further taking into account the needs of [all developing countries, especially in Africa] countries in] [Asia and] Africa [affected by drought, desertification and floods] [sea-level and temperature rise] [including those in preamble 19 of the Convention] [, as well as the needs of developing countries that are particularly vulnerable to the impact of response measures].

5 bis. [Developed country Parties should meet the full cost of the adverse effects of climate change in developing country Parties and provide new, additional, adequate, predictable and sustained financial resources, technology and capacity building to support

and enable developing country Parties to effectively take short-, medium- and long-term adaptation actions.]

Alternative to paragraph 5 and 5 bis:

[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, technology, insurance and capacity-building to enable and implement adaptation actions, plans, programmes and projects at all levels, in and across different economic and social sectors and ecosystems.]

6.

Option 1:

Enhanced action on adaptation [to the impact of climate change and to the impact of response measures] should be undertaken in accordance with the [principles and provisions of the] Convention [and relevant international human rights instruments], follow a country-driven, gender-sensitive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems, and 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, [public health,] economic and environmental policies and actions, where appropriate.

Option 2:

[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.]

6 bis. [Parties are encouraged to support the further development and operational implementation of a Global Framework for Climate Services as agreed to by the third World Climate Conference.]

6 ter. [With the view to achieving the ultimate objective of the Convention, scaling up of mitigation efforts is crucial. This demands the implementation of existing and future commitments under the Kyoto Protocol, full comparability between the emission reduction commitments of all Annex I Parties, and enhanced mitigation action by non-Annex I Parties in the context of Article 4, paragraph 7, of the Convention.]

7. Addressing [negative social and economic consequences of] the impact of the implementation of response measures is a challenge faced by [all Parties[.]], in particular [developing country Parties] [especially small island developing States and least developed countries] [the least developed countries and those least able to address the potential impacts], and that] enhanced [action and international cooperation [to reduce the impact of] [on]] [understanding of] response measures [is [urgently] required to [take action to minimize the impacts of response measures on developing countries listed in Article 4, paragraph 8, of the Convention] [enhance knowledge and understanding of the matter [[to ensure that response measures are consistent with States' existing obligations] and]] [will help] to reduce vulnerability and build resilience in [affected] [developing] countries] [especially small island developing States and least developed countries] [and Africa].

7 bis. [The issue of the impacts of response measures is related to mitigation, and is separate from adaptation to the adverse effects of climate change.]

8.

Option 1:

[[The full, effective and sustained implementation of the Convention requires] long-term [national and international] cooperative [efforts] [actions now, up to and beyond 2012] to accelerate research and development, demonstration, deployment, diffusion and transfer of environmentally sound technologies[, practices, processes] and know-how [, in particular to developing country Parties] [through the provision of the means of implementation by Annex I Parties of at least 1 per cent of their gross national product that reflects part of the payment of their climate debt] [in accordance with Article 4, paragraphs 3, 5 and 7 [and 8 (h)] [and 9], of the Convention] [will enhance the full, effective and sustained implementation of the Convention].]

Option 2:

[Agrees to accelerate action 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 (hereinafter referred to as ‘technology development and transfer’) in support of action on mitigation and adaptation.]

9.

Option 1:

[In order to achieve the [ultimate] objective of the Convention, [all] [developed country] Parties should cooperate, consistent with [international obligations] [commitments under the Convention], [through effective mechanisms, enhanced means, [appropriate enabling environments] and the removal of obstacles,] and [ensure] [financing and] [promote] the provision of technological support [through the provision by developed country Parties of at least 1 per cent of their gross national product] to developing country Parties to enable action on mitigation and adaptation [including the identification and removal of all barriers to access to technologies and to address intellectual property rights obstacles, including the exclusion of patents on climate-related technologies in favour of developing country Parties] [through effective mechanisms, enhanced means, appropriate enabling environments and the removal of obstacles] [including the identification and removal of all barriers to developing country Parties’ access to technologies at the most affordable prices and costs [including on concessional and preferential terms] and appropriate treatment of intellectual property rights, including exclusion of patents on climate-related technologies in developing country Parties, to ensure that developing country Parties have access to technology [at the most affordable prices]].]

Option 2:

[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 the identification and removal of all barriers that prevent the effective technology development and transfer to developing country Parties.]

9 bis. [In order to enable developing country Parties to contribute to the mitigation of climate change, developed countries shall provide direct, new, additional and public funds to finance mitigation actions that are in accordance with the national development plans of developing countries by at least 1 per cent of their gross national product as part of the payment of their emissions debt.]

9 ter. [In support of the forest-related actions by developing countries contributing to adaptation and mitigation goals, developed countries shall provide at least 1 per cent of

their gross national product in direct, new, additional, and public funds as part of the payment of their climate debt and excluding offsets.]

10.

Option 1:

[In order to achieve the full, effective and sustained implementation of the Convention [and in the context of meaningful mitigation actions and transparency on implementation], developed countries shall provide new, additional, adequate, predictable and sustained financial resources.] [In the context of meaningful mitigation actions and transparency on implementation,] [Developed countries commit to a goal of mobilizing jointly USD 100 billion][Developed countries shall make assessed contributions of [1.5] [6] per cent of the [gross domestic product] [gross national product] of those countries [as payment of their climate debt]] a year [by 2020] [to address the needs of developing countries] [to support enhanced action on mitigation and adaptation, technology development and transfer, and capacity-building in developing countries] [This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance].

Option 2:

[In order to achieve the full, effective and sustained implementation of the Convention, new, additional, adequate and predictable financial resources shall be provided by developed country Parties annually to developing country Parties through a new fund under the Convention to enable and support enhanced action on adaptation, mitigation, capacity-building and technology development and transfer as provided for in the Convention, in accordance with Article 4, paragraphs 7, 8 and 9, of the Convention.]

11.

Option 1:

[Capacity-building is cross-cutting in nature and [essential] [will help] to enable developing country Parties to participate fully in, and to implement effectively their commitments under, the Convention.]

Option 2:

[Capacity-building is a prerequisite for, and essential to, 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 COP shall be established to oversee, monitor and ensure overall implementation of capacity-building activities consistent with the provisions of the Convention.]

Alternative to paragraphs 7-11:

[Sustained and effective action on technology cooperation, finance, capacity-building and markets are vital tools that will take us towards fulfilling the objective of the Convention.]

12.

Option 1:

[The 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 better to 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.]

Option 2:

[Recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5; and Article 4, paragraphs 3, 5 and 7 [and 9]; and taking into account the principles of equity, common but differentiated responsibilities, and the obligation of developed country Parties to provide financial resources, development and transfer of technology, and capacity-building support to developing country Parties, developed country Parties shall not resort to any form of unilateral measures, including tariff and non-tariff or 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 climate, emissions leakage and/or cost of environment compliance.]

Option 3:

[Parties, in the pursuit of the objectives and implementation of the Convention, in line with the principles of the Rio Declaration on Environment and Development, shall base any measure that has an effect on international trade, in particular on developing countries' exports, including border adjustment measures, on international consensus.]

12 bis. [All Parties agree to cease destructive activities that contribute to climate change, in particular the activities of warfare and the production of goods, services, and other materials that support warfare, and to divert associated financial resources and investments into the shared global effort to combat a common enemy, climate change.]

B. Enhanced action on adaptation

Revision of document FCCC/AWGLCA/2010/14, chapter II*

[*The Conference of the Parties,*

1. [*Agrees* that adaptation to the adverse effects of climate change [and/or to the impact of the implementation of response measures] 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 developing countries that are particularly vulnerable to the adverse effects of climate change, especially the least developed countries and small island developing States, and further taking into account the needs of countries in Africa affected by drought, desertification and floods;]

2. [*Establishes* the Adaptation Framework [for Implementation] with the objective of enhancing action on adaptation, including through international cooperation, for coherent consideration of matters relating to adaptation under the Convention;

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

4. [*Invites* all Parties to enhance adaptation action under the Adaptation Framework [for Implementation] taking into account their common but differentiated responsibilities and respective capabilities, and specific national and regional development priorities, objectives and circumstances, and [whereby developing country Parties shall be supported by developed country Parties and in accordance with paragraph 6 below,] to undertake, inter alia:

(a) Planning, prioritizing and implementing adaptation actions, including projects and programmes,¹ and actions identified in national and subnational adaptation plans and strategies, national adaptation programmes of action of least developed countries, national communications, technology needs assessments and other relevant national planning documents;

(b) Impact, vulnerability and adaptation assessments, including assessments of financial needs as well as economic, social and environmental evaluation of adaptation options;

(c) Strengthening institutional capacities and enabling environments for adaptation, including for climate-resilient development and vulnerability reduction;

(d) Building resilience of socio-economic and ecological systems, including through economic diversification and sustainable management of natural resources;

* This draft text has been modified in consultations with the facilitator taking into account suggestions made during the closing plenary meeting of the AWG-LCA on 9 October 2010.

¹ Including, inter alia, in the areas of water resources; health; agriculture and food security; infrastructure; socio-economic activities; terrestrial, freshwater and marine ecosystems; and coastal zones.

(e) Enhancing climate change related disaster risk reduction strategies, considering the Hyogo Framework for Action² where appropriate; early warning systems; risk assessment, and management and sharing and transfer mechanisms such as insurance [, compensation and rehabilitation]; at local, national, subregional and regional levels, as appropriate, to address loss and damage associated with climate change impacts in those developing countries that are particularly vulnerable to the adverse effects of climate change [and/or to the impact of the implementation of response measures];

(f) Measures to enhance understanding, coordination and cooperation related to national, regional and international climate change induced displacement, migration and planned relocation, where appropriate;

(g) Research, development, demonstration, diffusion, deployment, and transfer of technologies, practices, and processes; and capacity-building for adaptation, with a view to promoting access to technologies [, in particular in developing country Parties];

(h) Strengthening data, information and knowledge systems, education and public awareness;

(i) Improving climate-related [and related to the impact of the implementation of response measures] research and systematic observation for climate data collection, archiving, analysis and modelling for improved climatic-related data and information to decision-makers at national and regional levels;

(j) [Action identified in decisions 5/CP.7 and 1/CP.10;]

(k) [Minimizing adverse social, environmental and economic impacts on developing countries;]

5.

Option 1:

Decides to establish a process to provide financial and technical support, in accordance with Article 4, paragraph 9, of the Convention, for the least developed country Parties to formulate and implement national adaptation plans, with technical advice from the Least Developed Countries Expert Group, that build upon the national adaptation programmes of action, as a means of identifying medium and long-term adaptation needs, and developing and implementing strategies and programmes to address those needs; and for other vulnerable developing country Parties that have set up national adaptation plans, programmes, or activities to be provided with financial and technical support to implement them;

Option 2:

Invites Parties to strengthen the efforts of least developed country Parties to formulate and implement national adaptation plans building on the experience of the national adaptation programmes of action, and to enhance their capacities to identify medium- and long-term adaptation needs and develop strategies and programmes to address those needs;

² <<http://www.unisdr.org/eng/hfa/hfa.htm>>.

6.

Option 1:

Decides that developed country Parties shall provide developing country Parties, especially those that are vulnerable, with long-term, scaled up, adequate, new and additional to official development assistance commitments and predictable and grant-based finance from public sources in the order of at least [x billion] [x per cent of the gross domestic product of developed country Parties] as part of the repayment of their climate debt and their historic responsibility based on greenhouse gas emissions, as well as with support for technology, insurance and capacity-building to implement urgent, short-, medium- and long-term adaptation actions, plans, programmes and projects at local, national, subregional and regional levels, in and across different economic and social sectors and ecosystems, including the activities referred to in paragraph 4 above;

Also decides that access to financial support for adaptation should be simplified, expeditious and direct, with priority given to particularly vulnerable developing country Parties [, especially the least developed countries and small island developing States, and further taking into account the needs of countries in Africa affected by drought, desertification and floods] [as well as other vulnerable developing country Parties with coastal areas, tropical and mountainous glaciers and fragile ecosystems];

Option 2:

Urges developed country Parties and other developed Parties included in Annex II to substantially scale up financial support as well as technology and capacity-building assistance to support adaptation efforts of developing country Parties [and Parties with special circumstances as recognized by a decision by the Conference of the Parties], especially those that are particularly vulnerable to the adverse effects of climate change, based on the priorities identified in their relevant planning and policymaking processes and in undertaking the activities referred to in paragraph 4 above;

7.

Option 1:

Decides to establish an Adaptation Committee under the Convention in order to provide coherence in the implementation of the enhanced action on adaptation under the Convention, which shall operate, inter alia:

(a) To provide guidance to enhance action on adaptation, based on paragraph 1(c) of the Bali Action Plan;

(b) To provide advice to the new fund of the financial mechanism on eligibility criteria and implementation procedures for developing country adaptation projects, programmes and actions to the Conference of the Parties;

(c) To function as the Technical Panel of the financial mechanism, including the provision of advice, and to receive, evaluate and recommend technical adjustments in the developing country Parties' applications for financial support, upon request from those Parties;

(d) To carry out reviews of information communicated by Parties on portfolios of adaptation projects implemented and their support to assess their effectiveness, provide advice based on these reviews on the eligibility criteria and implementation procedures for such categories of projects and recommend further action, as appropriate;

(e) To cooperate with regional centres and networks, and the international centre, as appropriate, to enhance implementation of adaptation actions identified by developing country Parties through the designated national-level institutional arrangement;

(f) To provide support and recommendations to the international mechanism to address loss and damage to enhance international cooperation and expertise to address loss and damage;

(g) To provide recommendations on how to enhance and better utilize the existing institutions and expertise under the Convention in order to support the implementation of the Adaptation Framework for Implementation;

(h) To facilitate the full implementation of paragraph 5 above;

(i) To technically support and synthesize the adaptation needs of developing countries, including through analysing insufficiencies and discrepancies of support received based on Parties' reports, and other existing reporting channels, including national communications and information provided on references of paragraph 12, option 2;

(Placeholder for composition of the Committee)

Option 2:

Recognizes the work undertaken to date under the Convention, the Conference of the Parties, and its subsidiary bodies, that supports adaptation actions, including by the Nairobi work programme on impacts, vulnerability and adaptation to climate change, the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention, the Least Developed Countries Expert Group, and the Expert Group on Technology Transfer;

Decides to strengthen, enhance and better utilize these bodies and expertise under the Convention in order to support the implementation of the Adaptation Framework [for Implementation], by:

(a) Facilitating the provision of scientific advice and technical support to Parties, respecting the country-driven approach, including for:

(i) Risk, vulnerability and adaptation assessments, and adaptation planning;

(ii) [Assessment of adaptation needs and adaptive capacity, including as they relate to finance, technology, and capacity-building;]

(iii) Strategies for prioritizing and implementing adaptation actions;

(iv) Strengthening institutional capacities and enabling environments for adaptation;

(v) [Building resilience of socio-economic and ecological systems;]

(vi) Strengthening data, information and knowledge systems, education and public awareness;

(vii) Improving climate related research and climate data collection, analysis and use;

(viii) Integrating adaptation actions into sectoral and national planning and risk management strategies and other ways to enable climate-resilient development;

(ix) Other areas as appropriate;

(b) Strengthening, consolidating and enhancing the sharing of information, knowledge, including traditional knowledge, experience and good practices, at local, national, regional and international levels, consistent with the relevant international agreements;

(c) Encouraging regional and international organizations and institutions to enhance adaptation action, including through the creation of partnerships between a range

of stakeholders in developed and developing country Parties, as appropriate, to promote coherence, facilitate enhanced coordination, and avoid duplication of efforts;

- (d) Considering and recommending, as appropriate, actions to promote the enhanced use of technologies for adaptation;
- (e) Providing guidance to the financial mechanism, as appropriate;
- (f) Considering information communicated by Parties on their monitoring and review of adaptation actions, outcomes, and support, and other relevant information, and recommending further action, as appropriate;

Agrees to consider the need for new institutional arrangements, as appropriate to guide and support the implementation of the Adaptation Framework [for Implementation];

8.

Option 1:

Establishes an international mechanism to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change [and/or to the impact of the implementation of response measures], including impacts related to extreme weather events and slow onset events,³ through risk management, insurance, compensation and rehabilitation;

Decides that the institutional functions of the international mechanism to address loss and damage from the adverse effects of climate change shall include:

- (a) Engaging stakeholders with the specialist expertise required to provide advice to the Conference of Parties for addressing loss and damage through risk management, insurance and rehabilitation;
- (b) Facilitating advice and guidance on existing and innovative risk management, risk transfer and risk sharing approaches, including insurance;
- (c) Identifying key climate risk factors and thresholds for insurance payments;
- (d) Estimating the potential physical and economic impacts of key climate risk factors;
- (e) Receiving reports that key climate risk factor thresholds have been exceeded;
- (f) Facilitating the process of verifying that key climate risk factor thresholds have been exceeded;
- (g) Recommending to the Board appropriate financial compensation payments once climate risk factor thresholds have been exceeded;
- (h) Facilitating the design, establishment and operation of risk sharing and transfer mechanisms to address financial risk associated with impacts of climate-related extreme weather events, including the support of standardised risk assessment across countries;
- (i) Incentivizing good adaptation practice by recommending risk reduction and management pre-requisites for access to the international insurance facility.

Decides to elaborate modalities and procedures for the international mechanism to address loss and damage, for adoption by the Conference of the Parties at its seventeenth session;

³ Including sea level rise, increasing temperatures, ocean acidification, glacial retreat and related impacts, salinization, land and forest degradation, loss of biodiversity and desertification.

Option 2:

Emphasizes the need to strengthen international cooperation and expertise to understand and reduce loss and damage associated with the adverse effects of climate change, including impacts related to extreme weather events and slow onset events, through innovative risk management approaches, including risk reduction and insurance, as appropriate;

9. *Invites* Parties to strengthen and, where necessary, establish regional centres and networks, in particular in developing countries, with support from developed country Parties and relevant organizations, as appropriate; to facilitate and enhance national and regional adaptation actions, in a manner that is country-driven, encourages cooperation and coordination between regional stakeholders, and improves the delivery of information between the Convention process and national and regional activities;

10. *Notes* that an international centre to enhance adaptation research and coordination could also be established in a developing country;

11. *Invites* all Parties to strengthen and, where necessary, [establish designated] [establish or designate] national-level institutional arrangements, with a view to enhancing work on the full range of adaptation actions from planning to implementation, and *further requests* developed country Parties [and any other Parties that are in a position to do so] [and other developed Parties included in Annex II] to support developing country Parties in those efforts;

12.

Option 1:

Decides that all Parties should use existing channels to report, as appropriate, on activities undertaken, and support provided and received for adaptation actions in developing countries, and to provide information on progress, experiences and lessons learned to ensure transparency, mutual accountability and robust governance;

Option 2:

Decides that all Parties should report on support provided and received for adaptation action in developing countries pursuant to Article 12, paragraph 3, of the Convention, with the aim of identifying insufficiencies and discrepancies of support for consideration of the Conference of the Parties;

Invites all Parties to provide information on experiences and lessons learned from adaptation actions, where appropriate;

13. [*Invites* relevant multilateral, international, regional and national organizations, the public and private sectors, civil society and other relevant stakeholders to undertake and support enhanced action on adaptation at all levels, as appropriate, in a coherent and integrated manner, building on synergies among activities and processes, and to assist in the implementation of the Adaptation Framework [for Implementation];]

14. [*Requests* the secretariat to support the Adaptation Framework [for Implementation], in accordance with its mandate and subject to the availability of resources.]]

C. Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions

Revision of document FCCC/AWGLCA/2010/14, chapter VIII

OPTION 1:

The Conference of the Parties,

Recalling decision 1/CP.13, paragraph 1(b)(v),

Recognizing that enhancing the cost-effectiveness of, and promoting, mitigation actions requires a broad range of approaches[, including institutional arrangements to impact on the policies and costs that influence emissions behaviour],

Recognizing that such [various] approaches [[may] include [market-based approaches [to establish a value for reducing, removing [and avoiding] emissions of greenhouse gases [and assets] and practices that help avoid them],] non-market-based approaches [to] impact on policies and costs that influence emissions behaviour] [to generate opportunities for non-use values associated with avoided emissions][, and other approaches that provide similar results in a cost-effective manner,]

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

Recognizing that enhancing the cost-effectiveness of mitigation actions enables an increase in the overall ambition [of developed country Parties] to reduce [emissions] [global emissions levels],

Recognizing that there are low-[carbon][emission] lifestyles, practices and infrastructures that need to be preserved and enhanced in a cost-effective manner,

Acknowledging the mechanisms established under the Kyoto Protocol and supporting the continuation of the use of these mechanisms and all related units,]

1. *Decides* that [in] [the] [any] [establishment] [use] of [market-based and non-market-based] [various] approaches [under the Convention] [as referred to in paragraphs 3 and 13 below] [to enhance the cost-effectiveness of mitigation, the [Conference of the Parties]] shall be guided by [the following] principles [such as]:

(a) 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] [and national circumstances];

(b) [Consistency and harmony with the Kyoto Protocol and its relevant instruments in their current form;]

(c) Ensuring mitigation approaches are advanced in a cost-effective manner;

(d) [Ensuring voluntary participation of Parties[, supported by the promotion of fair and equitable access for all Parties];]

(e) [Providing [incentives] [support] to Parties [to [develop on] [maintain or adopt] [low-emission pathways and] avoid high-emission pathways] [especially those with low-emitting economies, [to develop on or] to continue to develop on a low-emissions pathway];]

(f) [Benefiting developing country Parties by] providing [lasting] contributions to [their] sustainable development, including through the promotion of technology transfer and other co-benefits;

- (g) [Avoiding any means that constitute an arbitrary or unjustifiable discrimination or disguised restriction on international trade;]
- (h) [[Promoting changes in] [Helping secure low-[carbon][emission]] lifestyles and patterns of production and consumption;]
- (i) [No offsets shall be allowed;]
- (j) [Ensuring the full respect of human rights, including the inherent rights of indigenous peoples, women, children, migrants and all vulnerable sectors;]
- (k) [Recognition, promotion and defence of the rights of nature to guarantee harmony between humanity and nature ensuring the prevalence of all elements of nature over market interests;]
- (l) [Not to permit the commodification of nature;]
- (m) [Ensuring no net transfer of resources from developing to developed country Parties;]

Option A (paragraph 2):

2. [Decides to postpone the consideration of opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, until:
 - (a) The [adoption of a] [entry into force of the] second commitment period [under] [of] 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;]

Option B (paragraphs 3-12):

3. [Decides to [establish a market-based mechanism or mechanisms] [consider establishing a market-based mechanism or mechanisms at its seventeenth session], in accordance with the principles in paragraphs 1 above and 8 below, [as part of the legally binding agreement referred to in decision -/CP.xx,] that [complement other means of support for nationally appropriate mitigation actions by developing country Parties, assist developed country Parties in meeting part of their mitigation commitments, and enhance the cost-effectiveness of, and] promote, mitigation actions;
4. [Decides that the [possible] development and use of [measures] [approaches] at the international level[, including market instruments,] to enhance the cost-effectiveness of, and to promote, mitigation actions [by Annex I Parties] [including market-based mechanisms] [shall not constitute a means of arbitrary or unjustifiable discrimination or disguised restriction on international trade in accordance with Article 3, paragraph 5, of the Convention, and] shall be guided by the following principles:
 - (a) The participation of Parties in such [measures] [approaches] shall be [on a voluntary basis,] supported by the promotion of fair and equitable access for all Parties;
 - (b) [Such [measures] [approaches] shall correct failures of previous existing market mechanisms;]
 - (c) Such [measures] [approaches] shall [provide lasting contributions] [contribute] to the sustainable development of developing country Parties[, including] through technology transfer, capacity-building and other co-benefits, and take into account the needs of local communities, [where relevant,] [including indigenous

populations][,assuring full respect to the rights of indigenous peoples and local communities];

(d) [Such [measures] [approaches] shall be implemented in a [fair, equitable,] expedient and efficient manner[, considering all sectors and sources and ensuring geographical balance in access to these mechanisms];]

(e) [The use by [developed country] [Annex I] Parties of such [measures] [approaches] shall [be supplemental to their domestic mitigation [efforts] [obligations]] [not represent an offsetting of greenhouse gas emissions];]

5. [*Decides* to establish a second commitment period under the Kyoto Protocol with ambitious targets to maintain and build upon existing mechanisms under the Kyoto Protocol and develop and implement further [measures] [approaches] at the international level to enhance the cost-effectiveness of, and to promote, mitigation actions;]

6. [*Decides* that these new market mechanisms will complement other market-based approaches Parties choose to utilize, including, inter alia, existing mechanisms established in instruments under the Convention;]

7. *Requests* [*name of body*] [the Subsidiary Body for Scientific and Technological Advice] to conduct a work programme [on] [to develop] market-based mechanisms, with a view to recommending draft decisions [for the establishment of market-based mechanisms] to the Conference of the Parties for adoption at its [seventeenth] [eighteenth] session on the following matters:

(a) Modalities and procedures for the mechanism or mechanisms referred to in paragraph 3 above;

(b) [Specific activities to promote the readiness of Parties to participate in the mechanism or mechanisms referred to in paragraph 3 above;]

(c) [[Measures to promote] [Modalities and procedures to ensure] the environmental integrity of market-based approaches;]

8. *Decides* that [the] [consideration of] [any] [establishment] [use] of new market-based approaches [under the Convention] [referred to in paragraph 3 above] shall be guided by the following principles:

(a) Ensuring voluntary participation of Parties[, supported by the promotion of fair and equitable access for all Parties] [in a manner that ensures environmental integrity and considers the impact of social and economic response measures];

(b) [Complementing other means of support for nationally appropriate mitigation actions by developing country Parties by scaling up the provision of new and additional support for such purposes from developed country Parties [and the private sector];]

(c) Stimulating greenhouse gas emission reductions and removals [across broad segments of the economy] [and in a technologically neutral manner];

(d) [Safeguarding environmental integrity by ensuring that emissions reductions and removals [and avoidance] are additional to any that would otherwise occur, [reflecting contributions by [developing country] Parties to global mitigation efforts,] providing for robust measurement, reporting and verification and preventing double counting[, in accordance with national capabilities];]

(e) [Moving beyond offsetting by] ensuring that activities result in a net reduction or avoidance in global greenhouse gas emissions;

(f) [Assisting developed country Parties in meeting part of their mitigation commitments, [while ensuring that their use of such mechanisms is [supplemental]

[additional] to their domestic mitigation efforts [and commensurate with their emission commitments];]

(g) [Ensuring robust market functioning and regulation;]

(h) [Ensuring no net transfer of resources from developing to developed country Parties;]

(i) [No offsets shall be [promoted] [allowed];]

(j) [Not to permit the commodification of nature;]

9. *Invites* Parties and accredited UNFCCC observers to submit to the secretariat, by [date] [2011] [2012], their views on the matters referred to in paragraph 7 above;

10. [*Undertakes*, in developing and implementing further mechanisms at the international level to enhance the cost-effectiveness of, and to promote, mitigation actions, to [maintain, build upon and improve] [consider experience gained with] existing [and non-] market-based mechanisms, including those established under the Kyoto Protocol [post-2012];]

11. [*Decides* that [Annex I] Parties may use units from any [market-based] [instruments] [mechanisms] established pursuant to the Convention[, or a protocol or agreement thereof,] [and from measures provided for under their respective laws and policies,] to assist them in meeting their mitigation commitments under the Convention [or a protocol or agreement thereof];]

12. [*Decides* that[, in the use of market-based approaches,] Parties shall ensure environmental integrity, in particular the avoidance of double-counting of emission reductions and removals;]

13. [*Decides* to [establish a [non-market-based] [various approaches] mechanism or mechanisms] [consider establishing a non-market-based mechanism or mechanisms at its seventeenth session], in accordance with the principles in paragraph 1 above and 15 below, that enhance the cost-effectiveness of, and promote, mitigation actions and include actions with near, medium and long-term mitigation impacts[, including those that are related to:

(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];]

14. *Requests* [name of body] [the Subsidiary Body for Scientific and Technological Advice] to conduct a work programme on [non-market-based mechanisms] [various approaches], with a view to recommending draft decisions [for the establishment of these mechanisms] to the Conference of the Parties for adoption at its [seventeenth] session on the following matters:

(a) Modalities and procedures for the mechanism or mechanisms referred to in paragraph 13 above;

(b) Specific activities to promote the readiness of Parties to participate in the mechanism or mechanisms referred to in paragraph 13 above;

15. *Decides* that [the] [any] establishment of [non-market-based] [various] approaches under the Convention shall be guided by the following principles:

(a) [Recognition, promotion and defence of the rights of nature to guarantee harmony between humanity and nature ensuring the prevalence of all elements of nature over market interests;]

(b) [Ensuring voluntary participation of Parties, supported by the promotion of fair and equitable access for all Parties;]

(c) [Complementing other means of support for nationally appropriate mitigation actions by developing country Parties by scaling up the provision of new and additional support for such purposes from developed country Parties and the private sector;]

(d) [Stimulating greenhouse gas emission reductions and removals across broad segments of the economy and in a technologically neutral manner;]

(e) [Safeguarding environmental integrity by ensuring that emissions reductions and removals and avoidance are additional to any that would otherwise occur, [reflecting contributions by [developing country] Parties to global mitigation efforts][, providing for robust measurement, reporting and verification and preventing double counting] [, consistent with national capabilities] [and national circumstances];]

(f) [Moving beyond offsetting by ensuring that activities result in a net reduction or avoidance in global greenhouse gas emissions;]

(g) [Assisting developed country Parties in meeting part of their mitigation commitments, while ensuring that their use of such mechanisms is supplemental to their domestic mitigation efforts and commensurate with their emission commitments;]

(h) [No offsets shall be [promoted] [allowed];]

(i) [Not to permit the commodification of nature;]

16. *Invites* Parties and accredited UNFCCC observers to submit to the secretariat, by [date] [2011] [2012], their views on the matters referred to in paragraph 14 above;

17. [*Undertakes*, in developing and implementing further mechanisms at the international level to enhance the cost-effectiveness of, and to promote, mitigation actions, to [maintain, build upon and improve] [consider experience gained with] existing [and non-] market-based mechanisms, including those established under the Kyoto Protocol;]

18. [*Urges* Parties, without prejudice to the scope of the Convention and its related instruments, to pursue, under the Montreal Protocol on Substances that Deplete the Ozone Layer, the adoption of appropriate measures to progressively reduce the production and consumption of hydrofluorocarbons;]

19. *Invites* Parties and accredited UNFCCC observers to submit to the secretariat, by [date] 2011, information on the evaluation of [market-based and non-market-based] [various approaches] mechanisms in enhancing the cost-effectiveness of, and promoting, mitigation actions, including activities implemented jointly under Article 4, paragraph 2(a), of the Convention and any relevant activities undertaken to gain experience [with market-based and non-market-based mechanisms];

20. *Recognizes* the [fundamental] role of public sources of finance in the implementation of readiness activities;

21. *Encourages* Parties and intergovernmental organizations to pursue capacity-building initiatives in developing country Parties to enable their participation in [market-based and non-market-based] [various] approaches;

OPTION 2:

[PLACEHOLDER: Market approaches should be defined after the AWG-KP concludes its mandate]

[The Conference of the Parties,

Option A:

[Recognizing the need to ensure the availability of a range of [measures] [approaches] at the international level to enhance the cost-effectiveness of, and to promote, mitigation actions [consistent with the principles of the Convention];

[Bearing in mind different circumstances of developed and developing countries;]

[Reaffirming that any approach to enhance the cost-effectiveness, and to promote, mitigation actions should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade;]

[Mindful of the need to balance [measures] [approaches] to enhance the cost-effectiveness of mitigation actions with the overall ambition of Parties in mitigating climate change;]

1. [Decides that the [possible] development and use of [measures] [approaches] at the international level[, including market instruments,] to enhance the cost-effectiveness of, and to promote, mitigation actions [by Annex I Parties] [including market-based mechanisms] [shall not constitute a means of arbitrary or unjustifiable discrimination or disguised restriction on international trade in accordance with Article 3, paragraph 5, of the Convention, and] shall be guided by the following principles:

(a) The participation of Parties in such [measures] [approaches] shall be [on a voluntary basis,] supported by the promotion of fair and equitable access for all Parties;

(a) bis [Such [measures] [approaches] shall not promote new market mechanisms;]

(a) ter [Such [measures] [approaches] shall correct failures of previous existing market mechanisms;]

(b) [Such [measures] [approaches] shall lead to a net reduction in global greenhouse gas emissions;]

(c) [Such [measures] [approaches] shall provide incentives to developing countries [through no new market mechanisms][, especially those with low emitting economies,] [to develop on low-emission pathways];]

(c) bis [Such [measures] [approaches] shall remove perverse subsidies and other measures that contribute to the excessive production and consumption of fossil fuels and energy from other sources that have significant adverse environmental, social or economic impacts;]

(d) Such [measures] [approaches] shall [provide lasting contributions] [contribute] to the sustainable development of developing country Parties[, including] through technology transfer, capacity-building and other co-benefits, and take into account the needs of local communities, [where relevant,] [including indigenous populations][, assuring full respect to the rights of indigenous peoples and local communities];

(e) [Such [measures] [approaches] shall promote the internalization of the costs of climate change in economic decision-making [and harness private-sector finance and investment] to complement the significant scaling up of support for mitigation actions provided by developed country Parties from public sources;]

(f) [The environmental integrity of such [measures] [approaches] shall be safeguarded by ensuring that emission reductions and removals are additional to any that would otherwise occur, are subject to robust measurement, reporting and verification, and are free of double-counting;]

(f) bis [Safeguards environmental integrity by ensuring that emission reductions and removals are additional to any that would otherwise occur, reflecting contributions by developing country Parties according to their emission levels, providing for robust measurement, reporting and verification, and preventing double-counting;]

(g) [Such [measures] [approaches] shall be implemented in a [fair, equitable,] expedient and efficient manner[, considering all sectors and sources and ensuring geographical balance in access to these mechanisms];]

(g) bis [Such [measures] [approaches] shall promote changes in lifestyle and consumption patterns in developed countries that can lead to a decrease in greenhouse gas emissions;]

(h) [[Annex I] Parties shall [be accountable] [report] to the Conference of the Parties [for] [on] mitigation actions undertaken under their authority through such [measures] [approaches];]

(i) [The use by [developed country] [Annex I] Parties of such [measures] [approaches] shall [be supplemental to their domestic mitigation [efforts] [obligations]] [not represent an offsetting of greenhouse gas emissions];]

2. *Undertakes* to [maintain and] [build upon] [existing [measures] [approaches],] [including] [the market instruments under the Kyoto Protocol] [inter alia by promoting programmatic clean development mechanism activities], [in developing and implementing] [further] [measures] [approaches] [at the international level] to enhance the cost-effectiveness of, and to promote, [further] mitigation actions [by Annex I Parties];

2 bis. [*Decides* to establish a second commitment period under the Kyoto Protocol with ambitious targets to maintain and build upon existing mechanisms under the Kyoto Protocol and develop and implement further [measures] [approaches] at the international level to enhance the cost-effectiveness of, and to promote, mitigation actions;]

3.

Option 1:

[*Decides* to [establish] [consider establishing] an international framework to [promote] [give the option for] the [implementation of mitigation actions jointly among [Annex I] Parties] [according to their individual emission reduction targets under the Kyoto Protocol] [and channel scaled-up levels of finance and investment[, in particular from the private sector,]] [to developing country Parties] in a manner that:

(a) [Provides incentives for developing country Parties to [engage in expanded] [take] mitigation actions [more effectively] in the context of their sustainable development;]

(b) [Addresses mitigation actions across broad segments of the economy;]

(c) [Assists developed country Parties in fulfilling their [mitigation] commitments [under Article 4, paragraphs 3, 5 and 7, of the Convention];]

(d) [Makes available upfront financing [from developed country Parties] to [engage in [expanded]] mitigation actions [in developing country Parties];]

(e) [Incorporates means to make use of public finance [from developed country Parties] [to leverage private sector finance];]

Option 2:

[Decides to establish[, as part of the legally binding agreement referred to in decision -/CP.xx,] new market-based mechanisms that complement other means of support for nationally appropriate mitigation actions by developing country Parties, enhance the cost-effectiveness of mitigation and assist developed country Parties in meeting part of their mitigation commitments;

Requests the Subsidiary Body for Scientific and Technological Advice to recommend definitions, modalities and procedures for the new market-based mechanisms referred to in paragraph [X] above, with a view to forwarding a draft decision on this matter to the Conference of the Parties for adoption at its seventeenth session, guided by, inter alia:

(a) Ensuring voluntary participation of Parties;

(b) Stimulating greenhouse gas emission reductions and removals across broad segments of the economy;

(c) Safeguarding environmental integrity by ensuring that emission reductions and removals are additional to any that would otherwise occur, reflecting contributions by developing country Parties to global mitigation efforts, providing for robust measurement, reporting and verification, and preventing double-counting;

(d) Benefiting developing country Parties by promoting technology transfer and other co-benefits that contribute to sustainable development, including avoiding high-emission trajectories;

(e) Promoting fair and equitable access to market-based mechanisms;

(f) Promoting investment by the private sector;]

4. [Decides to [establish [measures] [approaches]] [develop possible approaches] at the international level that promote [cost-effective] mitigation by [reducing the costs of mitigation [of developed country Parties] and] enabling [the scaling up of mitigation actions] [more ambitious emission reduction commitments by developed country Parties] [in a manner that] [specifically including]:

(a) [Strengthens cooperative action among [Annex I] Parties on the research, development, including transfer, of technologies, practices and processes that reduce emissions by sources and/or enhance removals by sinks;]

(b) [Promotes near-term mitigation that complements [measures] [approaches] to mitigate climate change over the medium and long-term] [Promotes near, medium and long-term mitigation];]

5.

Option 1:

[Requests [the Subsidiary Body for Scientific and Technological Advice], [taking into account the principles contained in paragraph 1 above,] to recommend modalities and procedures for the [measures] [approaches] referred to in paragraph[s] 3 [and 4] above, [with a view to forwarding [a] draft decision[s] on [this matter] [these matters] to] [for

consideration by] the Conference of the Parties [for adoption] at its [seventeenth] [eighteenth] [xx] session;]

Option 2:

[*Decides* that it shall at its [seventeenth session] adopt rules, modalities and procedures for the new market mechanisms referred to in paragraph 3 above;]

[*Requests* the Subsidiary Body for Scientific and Technological Advice to recommend modalities and procedures for the [measures] [approaches] referred to in paragraph 3 above with a view to forwarding a draft decision on this matter to the Conference of the Parties for adoption at its seventeenth session;]

6. [*Invites* Parties [and accredited UNFCCC observers] to submit to the secretariat, by [X] [2011], their views on the [definitions,] modalities and procedures referred to in paragraphs 5 above;]

6 bis. [*Decides* to establish a work programme to promote the [measures] [approaches] referred to in paragraph 4 above and requests the Subsidiary Body for Scientific and Technological Advice to consider the work programme with a view to forwarding a draft work programme for adoption by the Conference of the Parties at its seventeenth session;]

6 ter. [*Decides* to establish an advisory board under the Subsidiary Body for Implementation to evaluate the use of different mitigation approaches, and mitigation choices, taken by Annex I Parties in order to evaluate the cost-effectiveness of the choices, and their spillover effects; the board will further evaluate the ratio of domestic mitigation action relative to offsets and other mitigation choices and further make comparisons between Parties in that regard in accordance with guidelines and limits agreed by the Conference of the Parties at its seventeenth session;]

6 quarter. [*Decides* that reports of the advisory board shall be evaluated by [a compliance mechanism to be agreed by] the Conference of the Parties at its seventeenth session;]

7. [*Decides* that [developed country] Parties may use [only] units from [market-based mechanisms established in] any instrument [established pursuant to] [under] the Convention[, or a protocol or agreement thereof, and from measures provided for under their respective laws and policies,] to assist them in meeting their mitigation commitments under the Convention [and that this use shall supplement domestic mitigation action];]

8. [*Urges* Parties, without prejudice to the scope of the Convention and its related instruments, to pursue, under the Montreal Protocol on Substances that Deplete the Ozone Layer, the adoption of appropriate [measures] [approaches] to progressively reduce the production and consumption of hydrofluorocarbons] [*Promotes* joint specific scientific research on refrigerant alternatives, under different weather conditions, that have both low ozone depleting and low heating values];]

Option B:

[*Recognizing* the need to ensure the availability of a range of [measures] [approaches] at the international level to enhance the cost-effectiveness of, and to promote, mitigation actions [consistent with the principles of the Convention];]

Requests the Subsidiary Body for Scientific and Technological Advice to develop a work programme on this issue to be submitted for the consideration of the Conference of the Parties at its seventeenth session with a view to evaluate a decision on this matter at its eighteenth session;]

Option C:

[*Decides* to postpone action on various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, until the entry into force of the second commitment period of the Kyoto Protocol.]

D. Economic and social consequences of response measures

1. Revision of document FCCC/AWGLCA/2010/14, chapter I, paragraph 59 (and its two preceding paragraphs)

[*Emphasizing* that the issue of the impacts of response measures is only related to mitigation, and is separate and distinct from adaptation to the adverse effects of climate change,]

[*Emphasizing* the special difficulties of those countries, especially developing countries whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of actions taken on limiting greenhouse gas emissions,]

Decides

59.

Option 1:

To address economic and social consequences of response measures pursuant to provisions in Chapter VII;

Option 2:

That pursuant to provisions in chapter VII, and in order to assist [all Parties, in particular] developing country Parties in addressing the negative economic and social consequences of response measures:

(a) (*Placeholder on trade and climate change. G77/China reserve right to provide new text in future*)

Alternative 1:

[Developed country Parties shall not resort to any form of unilateral measures including tariff and non-tariff, and other fiscal and non-fiscal border trade measures, against goods and services imported from developing country Parties, on any grounds related to climate change. Such measures would violate the principles and provisions of the Convention, including, in particular, those related to the principle of common but differentiated responsibilities (Article 3, paragraph 1), to trade and climate change (Article 3, paragraph 5) and to the relationship between mitigation actions of developing country Parties and the provision of financial resources and technology by developed country Parties (Article 4, paragraphs 3, 5, 7, 8, 9, and 10);]

Alternative 2:

[*Recalling* the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5, and Article 4, paragraphs 3, 5, 7, 8, 9 and 10, and taking into account the principles of equity, common but differentiated responsibilities and the obligation of the developed country Parties to provide financial resources, development and transfer of technology and provide capacity-building support to the developing country Parties, the developed country Parties shall not resort to any form of unilateral measures, including tariff and non-tariff or 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 climate, emissions leakage and/or cost of environmental compliance;]

Alternative 3:

[That, taking into account the relevant provisions of the Convention and further recognizing the principle enshrined in Article 3, paragraph 5, Parties, in the pursuit

of the objective and implementation of the Convention, shall not resort to any measures, in particular unilateral fiscal or non-fiscal measures applied on the border, against goods and services imported from Parties, that constitute a means of arbitrary or unjustified discrimination or a disguised restriction on international trade;]

Alternative 4:

[Agrees that Parties, in the pursuit of the objectives and the implementation of the Convention, in line with the principles of the Rio Declaration, shall base any measure that has an effect on international trade, in particular on developing country exports, including border adjustment measures, on an international consensus;]

(a) bis [That the social and economic cost derived from climate change mitigation response measures shall not be passed on to developing country Parties through any means, including trade-related measures, in accordance with Article 3, paragraphs 1 and 5 of the Convention, and stresses the importance of the provision of finance and technology by developed country Parties, in accordance with Article 4, paragraphs 3, 5 and 7 of the Convention;]

(b) That a forum shall be established to consider actions to avoid and/or minimize the negative consequences of response measures taken by developed country Parties on all developing country Parties, [in particular those covered by Article 4, paragraph 8, of the Convention, and least developed country Parties] in accordance with guidance to be agreed by the Conference of the Parties, and pursuant to the principles and provisions of the Convention;

(c) That developed country Parties and other developed Parties included in Annex II in accordance with Article 4, paragraphs 3, 5 and 7 of the Convention shall provide to developing countries new and additional financial resources, including for the transfer of technology and capacity building, in order to build the resilience of societies and economies negatively affected by the response measures;

Option 3:

That Parties should cooperate fully to enhance understanding of economic and social consequences of response measures, taking into account the need for information from those affected, evidence of actual impacts, including both positive and negative effects, and further decides to consider how existing channels, such as national communications and the Subsidiary Body for Implementation could serve as a platform for discussions on information provided by Parties, pursuant to provisions in Chapter VII;

59 bis [Agrees that, in accordance with relevant international instruments, including the UN Declaration of the Rights of Indigenous Peoples, the Parties shall cooperate with the indigenous peoples through their own representative institutions to obtain their free, prior and informed consent before adopting and implementing measures that may affect them.]

2. Revision of document FCCC/AWGLCA/2010/14, chapter VII

Note from the Chair: the paragraphs below contain further provisions on the economic and social consequences of response measures referred to in chapter I C 6.

The Conference of the Parties,

Reaffirming 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,

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 effects of the implementation of measures to respond to climate change, referred to in Article 4, paragraph[s] 8 [(h)], [9 and 10] of the Convention,

[*Recognizing* the importance of meeting the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures taken by developed country Parties,]

Affirming that economic development is essential for [developing country Parties to deal with climate change and that policies and measures [taken by developed countries] to combat climate change at global, national and regional levels shall not undermine this development nor constitute a means of transferring the burden of climate change mitigation to developing country Parties,]

[*Recognizing* that environmental standards should reflect the environmental and developmental context to which they apply, and that standards applied by some countries may be inappropriate and of unwarranted economic and social costs to developing countries,]

Affirming 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,

[*Recognizing* that the efforts to avoid or minimize the negative impact of response measures should not constrain or hinder progress in addressing climate change,]

Recognizing the importance of avoiding and minimizing 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, and contributing to building new capacities for both production and service-related jobs in all sectors, promoting economic growth and sustainable development,

[*Emphasizing* that the issue of the impacts of response measures is related to mitigation, and is separate from adaptation to the adverse effects of climate change,]

[*Noting* the need for developed country Parties to compensate [developing country Parties, especially] the economies of Africa, least developed countries and small island developing States for environmental, social and economic losses arising from the implementation of climate change response measures in the context of environmental justice and environmental refugees,]

1.

Option 1:

[*Urges* developed country Parties to strive to implement policies and measures to respond to climate change in such a way as to avoid and minimize negative social and economic consequences for developing country Parties, taking fully into account Article 3 of the Convention;

Also urges developed country Parties and other developed Parties included in Annex II, in order to assist developing country Parties in addressing negative social and economic consequences, and in building the resilience of their societies and economies negatively affected by those consequences to provide financial resources, including for access to and development and transfer of technology, at agreed full incremental costs in accordance with Article 4, paragraphs 3, 5 [and] 7, [8, 9 and 10] of the Convention, and promote and

facilitate the transfer of and access to environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention;]

Option 2:

[Urges Parties, in the implementation of measures to mitigate climate change, to take into consideration the economic and social impacts of response measures;]

2.

Option 1:

[Decides that developed country Parties shall not resort to any form of unilateral measures including tariff and non-tariff, and other fiscal and non-fiscal border trade measures, against goods and services imported from developing country Parties, on any grounds related to climate change. Such measures would violate the principles and provisions of the Convention, including, in particular, those related to the principle of common but differentiated responsibilities (Article 3, para. 1), to trade and climate change (Article 3, para. 5) and to the relationship between mitigation actions of developing country Parties and the provision of financial resources and technology by developed country Parties (Article 4, paras. 3, 5, 7, 8, 9, and 10);]

Option 2:

[Recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5, Article 4, paragraphs 3, 5 and 7, and taking into account the principles of equity, common but differentiated responsibilities and the obligation of the developed country Parties to provide financial resources, transfer of technology and provide capacity building support to the developing country Parties, the developed country Parties shall not resort to any form of unilateral measures, including tariff and non-tariff or 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 climate, emissions leakage and/or cost of environmental compliance;]

Option 3:

[Agrees that Parties, in the pursuit of the objective and implementation of the Convention, shall not resort to any measures, in particular unilateral fiscal or non-fiscal measures applied at the border against goods and services imported from Parties, that constitute a means of arbitrary or unjustified discrimination or a disguised restriction on international trade, taking into account the relevant provisions of the Convention and further recognizing the principle enshrined in Article 3, paragraph 5;]

Option 4:

[Agrees that Parties, in the pursuit of the objectives and the implementation of the Convention, in line with the principles of the Rio Declaration, shall base any measure that has an effect on international trade, in particular on developing country exports, including border adjustment measures, on an international consensus;]

3. Agrees that information relating to response measures should be considered in a structured manner in order to enhance the implementation of Article 4, paragraph 1(g) and (h), of the Convention, recognizing the needs of developing country Parties identified in Article 4, paragraphs 8, 9 and 10;

4.

Option 1:

[Decides to establish a forum to [assist developing country Parties in identifying and addressing the impact of response measures taken by developed country Parties, sharing information, promoting and cooperating on issues relating to response strategies and exploring ways to minimize negative consequences, in particular in developing country Parties [will engage all relevant public organizations, the private sector, experts and other stakeholders in this undertaking. It will also consider appropriate tools such as insurance, technology development and transfer, for dealing with negative consequences as well as identify possible sources of funding for improving environmental and energy efficiency in upstream and downstream activities relating to fossil fuels;]

Invites Parties and relevant intergovernmental organizations to submit to the secretariat, by [xx], their views on issues related to paragraph [xx] below for consideration by Parties by [xx] before the seventeenth session of the Conference of the Parties;

Requests the secretariat to compile these submissions into a miscellaneous document for consideration at [xx];

Agrees to adopt, at the seventeenth session of the Conference of the Parties, modalities for the operationalization of the forum, defining its mandate, nature, scope, composition, functions, related support, reporting and evaluation, and any other related matters;]

Option 2:

[Decides that Parties should cooperate fully to enhance understanding of economic and social consequences of response measures, taking into account the need for information from those affected, and evidence of actual impacts, and of both positive and negative effects, and further decides to consider how existing channels, such as national communications, including the possible submission of supplementary information, as considered by the Subsidiary Body for Implementation, could serve as a platform for discussions on the information provided by Parties;]

Option 3:

[Decides to establish a semi-annual Forum, under the COP, to be held in conjunction with SB meetings, for Parties and representatives of relevant intergovernmental organizations, with participation from the scientific, financial and insurance private sector, to guide, monitor and evaluate implementation of a work programme on the impact of response measures, which will include, inter alia, the elements listed in paragraphs XX below;

Decides further that the Forum, at its first session shall agree a work plan for addressing the work programme on the impact of response measures, and set particular milestones for making progress and delivering actions;

The Forum shall report annually to the COP on findings with a view to making recommendations for decisions on further actions;

The work programme for the Forum shall include, inter alia:

- (a) Insurance, and financial risk management;
- (i) Possible collaboration between the climate change community, government programmes and private insurance sectors;
- (ii) Private-public partnerships linking insurance mechanisms and risk-reduction mechanisms;

- (iii) Ways in which to build capacity at the national level for risk management, risk financing and risk transfer;
- (iv) Means by which to engage the private sector in the development of alternative risk transfer mechanisms;
- (b) Modelling;
 - (i) Dissemination of modelling tools and models to non-Annex I Parties, and ensuring increased collaboration on modelling activities on an ongoing basis;
 - (ii) Development of methodologies to assist developing countries to examine vulnerability to the impact of the implementation of response measures;
 - (iii) Development of draft guidance documents on how to undertake socio-economic assessments of the impact of response measures to be piloted in selected countries as a basis for detailed and comprehensive guidance;
 - (iv) Development, in collaboration with international organizations, of methodologies to assess the impacts on developing countries of policies already implemented by Annex I Parties;
 - (v) Coordination with the scientific research community, including the IPCC, to improve the quality of models, in particular those that assess the impact of response measures on developing countries, with a view to fully addressing this issue in the future work of the IPCC;
 - (vi) Capacity-building at the national level on modelling the impacts of response measures;
- (c) Economic diversification;
 - (i) Providing support for the integration of economic diversification into sustainable development strategies;
 - (ii) Exchanging experience in economic diversification and lessons learned, with a view to identifying what technical assistance may be needed to develop structural and institutional capacity, and/or to establishing a mechanism for facilitating efforts to achieve economic diversification;
 - (iii) Coordination by the secretariat with relevant international organizations and the private sector in developed countries on matters relating to economic diversification;
 - (iv) Building capacity, at the national level, in the areas of economic diversification;
 - (v) Promoting private-public partnerships in various areas to support economic diversification;
 - (vi) Providing recommendations for encouraging direct investment by and technology transfer from developed countries to assist in the economic diversification of developing countries;
 - (vii) Addressing the extent to which trade and export barriers affect economic diversification in developing countries;
- (d) Technology transfer;
 - (i) Providing support for win-win technologies that help address climate change and reduce the negative impact of response measures, like carbon capture and storage;

(ii) Support technology transfer and the removal of barriers for technologies that help developing countries adapt to the negative effects of response measures;]

5. [[Verb] Policies and measures taken by developed country Parties to address climate change, including trade-related measures, at global, national and regional levels and across all sectors, shall be in accordance with the principles and provisions of the Convention, in particular equity and common but differentiated responsibilities, Article 3, paragraphs 4 and 5, and Article 4, paragraphs 8, 9 and 10, and take into account the national circumstances of developing country Parties; such policies and measures shall not transfer directly or indirectly the burden of climate change mitigation to developing country Parties or limit the social and economic development of these Parties;]

6. [[Verb] Parties [agree on the importance of] [shall] avoid[ing] and minimiz[e] [ing] 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, and contributing to building new capacity for both production and service-related jobs in all sectors, promoting economic growth and sustainable development.]

E. Development and transfer of technologies

Revision of document FCCC/AWGLCA/2010/14, chapter IV, paragraph 8

Composition and mandate of the Technology Executive Committee

Mandate

1. [*Decides* that the Technology Executive Committee shall [operate] the Technology Mechanism under the authority and guidance of the Conference of the Parties and consistent with the objectives contained in paragraphs 1–3 above;⁴]

1 bis. [*Decides* that the Technology Executive Committee shall further implement the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, (technology transfer framework) adopted by decision 4/CP.7 and enhanced by decision 3/CP.13;]

2. *Decides* that the functions⁵ of the Technology Executive Committee shall be to:

(a) Provide [a global overview of technological needs and] an analysis of policy and technical issues related to the development and transfer of technology for mitigation and adaptation to the Conference of the Parties and its subsidiary bodies;

(b) Consider and recommend[, as appropriate,] actions to promote technology development and transfer to accelerate action on mitigation and adaptation;

(c) Prepare guidance for adoption by the Conference of the Parties on policies, programme priorities and eligibility criteria related to technology development and transfer[,with special consideration given to the least developed Parties];

(d) Promote [and facilitate] collaboration on the development and transfer of technology for climate mitigation and adaptation between governments, industry [and the private sector], non-profit organizations and academic and research communities;

(e) Provide periodic reports on the progress of its work to the Conference of the Parties [through the Subsidiary Body for Scientific and Technological Advice] and, upon request, advice to the subsidiary bodies established under the Convention on matters related to efforts to accelerate action on technology development and transfer;

(f) [[Recommend and] [support][Identify] necessary actions to address [and remove] the barriers to technology development and transfer [identified by developing country Parties], in order to enable enhanced action on mitigation and adaptation;]

(g) [Provide guidance to the [Climate Technology Centre and Network] with a view to aligning the activities of the [Climate Technology Centre and Network] with country-driven actions;]

(h) [Address issues related to intellectual property rights as they arise;]

(i) [Catalyse the development and use of technology road maps or action plans at international, regional and national levels through cooperation between relevant stakeholders, particularly governments and relevant organizations or bodies, including the development of best practice and guidelines, as facilitative tools for action on mitigation and adaptation;]

⁴ FCCC/AWGLCA/2010/14, chapter IV, paragraphs 1–3.

⁵ Subparagraphs (a–i) are taken from document FCCC/AWGLCA/2010/14, chapter IV, paragraph 7 (a–i).

2 bis. *[Decides that the Technology Executive Committee shall provide technical and policy advice [and make recommendations] to the [financial [arrangement][mechanism]][Conference of the Parties] on matters related to activities and/or outcomes of activities eligible for support, as referred to in paragraph 4⁶ above;]*

3. *[Decides that the Technology Executive Committee shall elaborate its own modalities and procedures [and those of the [Climate Technology Centre and Network] based on the functions contained in paragraph 11⁷], for consideration by the Conference of the Parties at its seventeenth session;*

3 bis. *Decides that the Technology Executive Committee shall, in elaborating its modalities and procedures, as appropriate, define linkages with other relevant institutional arrangements under and outside the Convention;]*

Composition

4. *Decides that the Technology Executive Committee shall comprise [5][X][20] [high-level] expert members, elected by the Conference of the Parties, serving in their personal capacity and nominated by [constituencies][Parties and groups of Parties] with the aim of achieving fair and balanced representation, as follows[, taking into account the need to achieve gender balance in accordance with decision 36/CP.7]: [*

(a) *[Four members from each of the regions of the Parties not included in Annex I, namely Africa, Asia and the Pacific, and Latin America and the Caribbean;]*

(b) *[5][X] members from Parties not included in Annex I to the Convention;*

(c) *[5][X] members from Parties included in Annex I to the Convention;*

(d) *[One member from the small island developing States;*

(e) *One member from the least developed country Parties;*

(f) *One member from other non-Annex I Parties;]*

(g) *[X members from the private sector;*

(h) *X members from the research community;]*

5. *[Encourages][Requests] [[constituencies][Parties and groups of Parties] to nominate [high-level] experts[, based on an agreed set of criteria,] with a view to achieving, within the membership of the Technology Executive Committee, an appropriate balance of technical, legal, policy[, social development] and financial expertise relevant to the development and transfer of technologies for adaptation and mitigation[, taking into account the need to achieve gender balance in accordance with decision 36/CP.7,]] [to nominate high-level experts with appropriate technical, legal, policy and financial expertise relevant to the development and transfer technologies for adaptation and mitigation];*

6. *Decides that members shall serve for a term of [two][X] years and shall be eligible to serve a maximum of two consecutive terms of office and that:*

(a) *Half of the members shall be elected initially for a term of [three][X] years and half of the members shall be elected for a term of [two][X] years;*

(b) *Thereafter, the Conference of the Parties shall elect every year a member for a term of [two][X] years;*

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

⁶ FCCC/AWGLCA/2010/14, chapter IV, paragraph 4.

⁷ FCCC/AWGLCA/2010/14, chapter IV, paragraph 11.

7. *Decides* that the Technology Executive Committee shall annually elect a chair and a vice-chair from among its members [that are in the categories described in paragraph 4 (a)–(e), above] for a term of one year each, with one being a member from a Party included in Annex I to the Convention and the other being a member from a Party not included in Annex I to the Convention, and that the positions of chair and vice-chair shall alternate annually between a member from a Party included in Annex I to the Convention and a member from a Party not included in Annex I to the Convention;
8. *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 the vice-chair at a particular meeting, any other member designated by the Technology Executive Committee shall temporarily serve as the chair of that meeting;
9. *Decides* that if the chair or vice-chair is unable to complete the term of office, the Committee shall elect a replacement to complete the term of office, taking into account paragraph 8 above;
10. *Decides* that if a member of the Technology Executive Committee resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Technology Executive 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 constituency to replace the said member for the remainder of that member's mandate, in which case the appointment shall count as one term;

Expert advice

11. *Decides* that the Technology Executive Committee, in performing its functions, may draw upon outside expertise, including the UNFCCC roster of experts and the Climate Technology Network, to provide advice, including as expert advisors at its meetings;
12. *Decides* that the Technology Executive Committee [will][may] proactively engage intergovernmental and international organizations [as well as the private sector and civil society] in undertaking its work and may invite advisors drawn from relevant intergovernmental and international organizations [as well as the private sector and civil society] to participate as expert advisors to advise on specific issues as they arise;

[Decision-making and organizational matters

13. *Decides* that decisions of the Technology Executive Committee shall be taken by consensus; [however, if all efforts at reaching a consensus have been exhausted and no agreement has been reached, decisions shall be taken by a two-thirds majority of the members present at the meeting on the basis of one member, one vote;]
14. *Decides* that a record of the meetings of the Technology Executive Committee shall be made available on the UNFCCC website as soon as practicable at the conclusion of each meeting;
15. *Decides* that decisions of the Technology Executive Committee may occur through electronic means;
16. *Decides* that the Technology Executive Committee shall meet at least three times each year;
17. *Decides* that the Technology Executive Committee shall liaise with and may provide advice to, and request advice from, other bodies under the Convention in executing its functions;
18. *Decides* that a [simple] majority of the members of the Technology Executive Committee must be present at the meeting to constitute a quorum;

19. *Decides* that the meetings of the Technology Executive Committee shall be open to attendance by UNFCCC accredited observers, except where otherwise decided by the Technology Executive Committee;
20. *Decides* that the Technology Executive Committee shall prepare a work plan every two years that will be designed to fulfil its mandate;
21. *Decides* that the secretariat shall support and facilitate the organization of meetings of the Technology Executive Committee and its activities, including in assisting the Technology Executive Committee in preparing its periodic reports to the Conference of the Parties;]

F. Review

Revision of document FCCC/AWGLCA/2010/14, chapter I, paragraphs 68–71

68. [The Conference of the Parties shall periodically [review] [assess] the [adequacy of the] long-term [global] goal [for emission reductions] [as well as the [aggregate] commitments and actions on mitigation, adaptation, finance, technology development and transfer and capacity-building], in the light of the Convention's ultimate objective, as well as overall progress in implementing the Convention [and its agreement] [protocols and decisions], in accordance with the [relevant] provisions of the Convention [and its agreement] [, in particular its Article 4, paragraphs 2 (b), 2 (d), 5 and 7, Article 7, paragraphs 2 (a) (b) and (e), and Article 10, paragraph 2 (b)].] [In accordance with the provisions of the Convention, in particular its Article 4, paragraphs 2 (b) and (d), 5 and 7, Article 7, paragraphs 2 (a) and (b); and Article 10, paragraph 2 (b), the Conference of the Parties shall periodically assess the progress in implementing the Convention, including commitments and actions on mitigation, adaptation, finance, technology transfer and capacity building.]

69. This review should [be guided by the principles of equity and common but differentiated responsibilities] [and [changes in the] respective capabilities] [of Parties] [and] take into account:

(a) [The best available] [Peer reviewed] scientific knowledge, including [observed and projected impacts of climate change, informed by] the assessment reports of the Intergovernmental Panel on Climate Change, as well as relevant [technical, social and economic information] [information on technology availability, economic costs, level of effort, and individual and collective barriers to further effort];

(b) [Observed impacts of climate change, especially impacts on particularly vulnerable developing countries [in accordance with Article 4, paragraph 8, of the Convention] [, using impacts on least developed countries and small island developing states [and other countries particularly vulnerable to the adverse effects of climate change] as key benchmarks for assessing the adequacy of the long-term goal];]

(c) An assessment of the [overall aggregated effect of the steps taken by Parties in order to achieve the ultimate objective of the Convention] [adequacy and effectiveness of compliance by Annex I Parties with their commitments to cut their emissions, and for Annex II Parties to provide enabling support to developing country Parties under the Convention];

(d) Consideration of strengthening the long-term goal, referencing various matters presented by the science, including in relation to temperature rises of [1] [1.5] [below 2] degree[s] Celsius;

(e) [An assessment of current emissions and expected emission trends, economic circumstances, and evolving capabilities of Parties and the implications of these trends for the evolution of responsibilities and obligations of all Parties under the Convention] [, taking into account the special circumstances of Parties provided for in Article 4, paragraphs 8, 9 and 10, of the Convention];]

(f) [An assessment of how to broaden the donor pool and delivery of needed support;]

(g) [National circumstances and specificities of the Parties][, including] [those provided in Article 4, paragraphs 8, 9 and 10, of the Convention, which call for the consideration of the special situations of small island developing states, least developed countries and those Parties with economies that are highly dependent on [the production,

processing, export and] [and/or on consumption and] the use of fossil fuels for which such Parties have serious difficulties in switching to alternatives] [developing countries that are particularly vulnerable to the impact of response measures;]

(h) [The historical responsibility of Annex I Parties, and that economic and social development and poverty eradication are the first and overriding priorities of developing country Parties.]

70. The Conference of the Parties shall take appropriate action based on this review [including measures by Annex I Parties to support the implementation of mitigation and adaptation actions by developing country Parties][, which might include, inter alia, a decision on the adjustment of the long-term global goal and on the adequacy of the enhanced action with regard to all the building blocks of the Bali Action Plan.].

71. Further modalities of this review shall be determined by the Conference of the Parties. The first review [[shall] [should] start as early as possible, but no later than 2013, and] shall be [conducted in] [concluded no later than] 2015. Subsequent reviews should be undertaken periodically, every five years.

III. Notes by the facilitators

A. Shared vision for long-term cooperative action

This note by the facilitator is an example of how some of the paragraphs in the text on a shared vision for long-term cooperative action⁸ could be disentangled. It does not allocate any particular status to, or prejudge the future consideration of, those or other paragraphs in the text on a shared vision for long-term cooperative action. The example is for purposes of illustration only and is not meant to be comprehensive. As the example was produced on 8 October 2010, it could not take into account the discussions and textual changes made in the final meeting of the drafting group on 9 October 2010.

Framing

- Option 1: [Owing to their historical responsibility for the accumulation of greenhouse gas emissions in the atmosphere, Annex I Parties must show leadership by taking on ambitious, economy-wide, quantified emission reduction commitments and by providing technology, capacity-building, and new and additional financial resources to developing country Parties in accordance with the relevant provisions of the Convention. Delay by Annex I Parties in implementing their short-, medium- and long-term commitments to reduce emissions will seriously impede the achievement of the objective in Article 2 of the Convention, intensify the need for and cost of adaptation, and increase their responsibility for their disproportionate greenhouse gas emissions and the urgency for significantly increased ambition in their mitigation commitments. Such delay by Annex I Parties will increase the level of financial and technological support that they shall provide to developing country Parties.] (para 1 ter)
- Option 2: [We underline that climate change is one of the greatest challenges of our time. We emphasize our strong political will to urgently combat climate change in accordance with the principle of common but differentiated responsibilities and respective capabilities.] (para 1 ter)

Guiding principles and other elements

- [To achieve the ultimate objective of the Convention] (para. 2);
- [Radical reductions of emissions commensurate with the threat of climate change are required.][Parties believe that] [Deep] cuts in global emissions are required [according to][consistent with] science[, and as documented in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change] (para. 2);
- [[Guided by the categorical imperative of] [aimed at] safeguarding the fundamental right to [human] life] (para. 3);
- [Considering that the lack of full scientific certainty about different technologies should not be used as a reason for postponing these actions] (para. 2);
- [In accordance with the principle of common but differentiated responsibilities] [and respective capabilities] (para. 2);
- [[Taking into account] [based on] historical [responsibilities][emissions referred to in paragraph 2]] (para. 2);

⁸ Paragraph numbers refer to the draft text on a shared vision for long-term cooperative action as of 8 October 2010.

- On the basis of equity (para. 2);
- [[Preceded by] [subject to] a paradigm for equitable access to global atmospheric [space] [resources]] (para. 3, 4);
- [Allocating the remaining carbon budget up until 2050 according to the criteria of population and the climate emissions debt of Annex I Parties] [Annex II Parties]] [based on per capita accumulative historical emissions, under which the leadership on emission reductions that needs to be shown by [Annex I Parties] [Annex II Parties]] [Parties who have listed their commitments for actions in Appendix I] must be clearly demonstrated and expressed] [taking into account special national circumstances [including those provided in Article [4, paragraph 6.] 4, paragraphs 8, 9 and 10 of the Convention.] and respective capabilities of Parties] [acknowledging that a certain degree of flexibility shall be allowed to the Parties included in Annex I undergoing the process of transition to a market economy] (para. 2);
- [Developed countries taking the lead] (para. 2);
- [With absolute reductions by all developed countries and a decline in emissions relative to business as usual by developing countries] (para. 2);
- [However, this emission reductions target on the part of developed country Parties as a group does not automatically imply that developing countries will pick up the remainder of the emission reductions, taking fully into account that economic and social development and poverty eradication are the first and overriding priorities of developing country Parties. The extent to which developing country Parties will be able to contribute to the achievement of the long-term global goal will depend on the effective implementation by Annex I Parties and other developed Parties included in Annex II of their commitments under the Convention related to financial resources and transfer of technology. In this regard, developed country Parties should commit to provide [x] per cent of the gross national product and compulsory licensing of key climate-friendly technologies to developing country Parties] (para. 4);
- [Giving full consideration to Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the long-term cooperative action of the Convention] (para. 4 quinquies);
- [A low-emission development strategy is indispensable to sustainable development] (para. 3);
- [In order to guarantee the compliance of Annex I Parties with the goals adopted in paragraphs x and y, a climate court of justice will be developed.] (para. 4 bis).

Numerical expressions of the long-term global goal

Temperature

- Parties [should][shall] (para. 2) [take [urgent] action][cooperate] to meet this objective with a view to reducing global emissions so as to [maintain] [hold] the increase in global [average] temperature [well] below [1][1.5] [2] degree Celsius above pre-industrial levels (para. 2, 3);

Concentration levels

- [Strive toward returning greenhouse gas concentrations in the atmosphere to well below [300] [350] ppm CO₂ equivalent] [return concentration to levels as close as possible to pre-industrial levels in the longer-term]. (para. 2);

Peaking

- [Parties][Developed country Parties] [Annex I Parties] [Parties other than countries with special circumstances in accordance with decision 26/CP.7] should cooperate in achieving the peaking of [global][their national] greenhouse gas emissions:
 - [No later than 2015];
 - [In 2015 [and no later than 2020]];
 - [By 2020 at the latest,];
 - [As soon as possible,] (para 3);
- Recognizing that the time frame for peaking of national emissions:
 - [May vary in different countries];
 - [Will be longer in developing country Parties, and bearing in mind that social and economic development and poverty eradication are the first and overriding priorities of developing country Parties]. (para. 3)

Quantifications of emission reductions

- [Parties should [explore, through long-term cooperative action to] collectively reduce global emissions by [[at least]50] [85] [95] [more than 100] per cent from 1990 levels by 2050 [based on the scientific IPCC report.] [and should ensure that global emissions continue to decline thereafter.] [, and correction factors shall be taken in addressing greenhouse gas inventories to consider special and natural energy requirements for Parties due to natural phenomena of high weather temperature and low water resources.] (para. 4);
- [Developed country Parties][Annex I Parties] [Parties as a group] should [aim to] reduce their greenhouse gas emissions by:
 - [At least [40][45] per cent from 1990 levels by 2020];
 - [80 per cent by 2035];
 - [More than 100 per cent from 1990 levels by 2040];
 - [[75-85] [[around] [80] [at least 80–95] [more than 95] per cent from 1990 levels by 2050]. (para. 4)

B. Enhanced action on adaptation

*This note by the facilitator accompanies the draft text on adaptation and reflects additional issues raised by Parties during the discussions of the drafting group on enhanced action on adaptation during the 12th session of the AWG-LCA. This note could provide additional input to the discussions to take place in Cancun.**

1. One Party emphasized that a balanced outcome needs to be agreed in Cancun and that the level of operational detail should be consistent across the various decisions;
2. With regard to paragraph 3 of the draft text, a group of Parties proposed inserting an additional reference to indigenous knowledge, while another group of Parties proposed awaiting the resolution of this paragraph under the discussions on Shared Vision, and to reflect any resulting changes, as appropriate;
3. With regard to paragraph 6, one Party proposed the following as input to the existing text and some Parties amended it slightly: “*Decides* that priority should be given to particularly vulnerable developing countries, especially least developed country Parties, small island developing States and other developing country Parties with coastal areas, tropical and mountainous glaciers and fragile ecosystems, as well as countries facing monsoon variability, and further taking into account the needs of countries affected by droughts, floods, and sea level and temperature rise in Africa, Asia, Latin America and the Caribbean.”
4. With regard to paragraph 14, a group of Parties proposed the following as input to the existing text: “*Agrees* that the UNFCCC process is the main forum to address adaptation, and *requests* the secretariat to support the Adaptation Framework for Implementation and the Adaptation Committee, and to enhance engagement with external stakeholders in support of implementation; and *commits* to increase the availability of resources.”

* This note has been modified in consultations with the facilitator taking into account suggestions made during the closing plenary meeting of the AWG-LCA on 9 October 2010.

C. Enhanced action on mitigation

1. Facilitator's understandings of the issues discussed at the meetings on paragraph 1 (b) (i) of the Bali Action Plan*

This note reflects the co-facilitators' understandings of the issues discussed at the meetings on paragraph 1 (b) (i) of the Bali Action Plan. The co-facilitators' understandings are derived from some of the statements made during the drafting groups on mitigation at this session. As such, these co-facilitators' understandings will have no status the negotiations. Negotiations will continue on the basis of document FCCC/AWGLCA/2010/14 without prejudice to the positions of Parties.

1. In their interventions, Parties referred to the following paragraphs in chapter 1 of document FCCC/AWGLCA/2010/14: 15, 16, 17, 18, 18 bis and 19. The facilitator noted the following points raised by Parties:

- Relation between the quantified emission reduction targets discussed under AWG-LCA with the targets that are being discussed for the second commitment period is crucial; also crucial is continuity of the Kyoto Protocol;
- Negotiation under paragraph 1 (b) (i) of the Bali Action Plan relates only to Annex I Parties that are not Parties to the Kyoto Protocol, in order not to duplicate the AWG-KP track;
- Discussions should be constructive but within the Convention and the Bali Action Plan;
- The current framework for mitigation does not correspond to today's realities and will need to do so, or will need to be changed;
- Commitments will need to be symmetrical in the sense that large developing and emerging economies must take on commitments of the same legal character;
- Language from the Copenhagen Accord could be used;
- Negotiations on paragraph 1 (b) (i) under the AWG-LCA have to be independent from the AWG-KP discussions;
- This is not an issue that falls within the context of paragraph 1 (b) (i) of the Bali Action Plan.

2. In their interventions, Parties referred to the following paragraphs in chapter 1 of document FCCC/AWGLCA/2010/14: 18 and 18 bis. The facilitator noted the following points raised by Parties:

- There is currently a lack of ambition and need for urgency; a Cancun decision should recognize this;
- Individual commitments should be linked to a collective long-term target for Annex I Parties;
- A top-down approach should be used for determining targets;
- There is a need to adhere to the IPCC ranges for both developed and developing countries;
- Proposal on a 'carbon budget' should be taken into consideration;

* This note has been modified in consultations with the facilitator taking into account suggestions made during the closing plenary meeting of the AWG-LCA on 9 October 2010.

- Targets for Annex I Kyoto Protocol Parties should come through AWG-KP, targets for non-KP Parties should be determined under the AWG-LCA and be comparable with targets for KP Parties;
 - A collective target for Annex I Parties only is not practical because it leaves out major emitters; such a target should not be part of an agreed AWG-LCA outcome;
 - The level of ambition should increase for both Annex I and non-Annex I Parties;
 - A collective level of ambition may be part of a review process under the Convention;
 - Unrealistic levels of ambition that cannot be met will not be a practical element of an outcome.
3. The facilitator noted the following points raised by Parties:
- The world has evolved much since 1990 and that is why further differentiation is needed;
 - “Graduation” becomes more necessary if Annex I and non-Annex I Parties actions and a relative balance among actions and approaches for developed and major/emerging economies are unacceptably differentiated;
 - There is no reason not to open a discussion on “graduation”, changes since 1990 justify that; some aggregate criteria could be helpful;
 - A “graduation” concept is clearly not acceptable because it has no basis in the Convention or in the Bali Action Plan;
 - The Convention already allows Parties to join Annex I voluntarily; a “graduation” concept is therefore unnecessary;
 - Discussion of “graduation” requires time and this can lead to a lack of focus on other issues which should be achieved in Cancún; such discussion can also undermine trust among Parties;
 - GDP per capita or similar criteria are not appropriate for “graduation” because they do not reflect the mitigation potential, especially for small countries;
 - Another solution could be self-selection of commitments;
 - Instead of introducing “graduation”, differentiation in actions could be used;
 - The issue of “re-classification” of Annex I and non-Annex I Parties is still on the table; this issue is different from “graduation”.
4. In their interventions, Parties referred to the following paragraphs in chapter 1 of document FCCC/AWGLCA/2010/14: 14, 15, 16, 17 and 19. The facilitator noted the following points raised by Parties:
- “What needs to be inscribed”: this leads to the relation between the quantified emission reduction targets discussed under the AWG-LCA with the targets that are being discussed for the second commitment period; similarly, this is linked to issues of comparability, measurement, reporting and verification and compliance;
 - The need to “inscribe” relates to Annex I non-KP Parties only;
 - Pledges could be captured in an information document rather than in a decision;
 - “Inscription” through an Appendix to a Cancún decision would not be acceptable; such an Appendix could be considered for a final legally-binding outcome only;

- “Inscription” is a wrong approach because it implies a “bottom-up” approach instead of the “top-down” approach which is needed at AWG-KP and AWG-LCA;
 - Compilation of pledges has already been done, under the AWG-KP and elsewhere, there is no need to return to this;
 - Capturing of the pledges in a decision would be useful and would not interfere with the AWG-KP process, provided that the decision clearly says that it is an interim step to the final legally binding outcome without prejudging the form of the outcome, and that a clear reference/assurance to the second commitment period under the Kyoto Protocol is made;
 - Capturing the pledges should bring them into the AWG-LCA process and launch a reflection on them, including on the effort behind the pledges; the form of “capturing” is of secondary importance;
 - Inscription of economy-wide targets in an Appendix is the most practical way of moving forward that reflects convergence reached in Copenhagen;
 - The Copenhagen Accord should be used as a starting point for both Annex I and non-Annex I Parties, also in terms of capturing pledges in a decision;
 - Consideration of a legal agreement in the future does not prevent a political agreement on pledges now;
 - Inscription of commitments/actions is linked to other key issues, such as the inscription of commitments/actions for non-Annex I Parties and a robust MRV framework;
 - Inscription of pledges is needed for all major economies.
5. The facilitator noted the following points raised by Parties:
- Decision on the legal form of the outcome of the AWG-LCA is urgently needed; this should include the relationship between the two tracks
 - Relationship between the quantified emission reduction targets discussed under AWG-LCA and the targets that are being discussed for the second commitment period is crucial; also crucial is continuity of the Kyoto Protocol;
 - Legally binding agreement needs to be balanced;
 - Any mandate for a legal agreement must make it explicit that obligations apply to developed countries and major developing/emerging economies;
 - The outcome should include a reference to economies in transition and countries with special circumstances recognized by COP decisions;
 - The terms “developed/developing countries” should be used rather than “Annex I/non-Annex I Parties”.
6. In their interventions, Parties referred to the following paragraphs in chapter 1 of document FCCC/AWGLCA/2010/14: 23 and 27. The facilitator noted the following points raised by Parties:
- Measurement, reporting and verification requirements should reflect the nature of contribution to mitigation efforts and be therefore different for Annex I and non-Annex I Parties, but be the same for Annex I KP and non-KP Parties;
 - Compliance rules are relevant in terms of measurement, reporting and verification - focus;

- The current negotiating text has a lack of balance between 1b(i) and 1b(ii), and also in terms of reflecting specific operational provisions of the Kyoto Protocol for Annex I Parties;
 - For developed countries, measurement, reporting and verification should focus on economy-wide emission limitation/reduction commitments; the AWG-LCA should focus on Annex I non-KP Parties in order not to duplicate the work of the AWG-KP and ensure that the stringency of commitments is the same;
 - Proposals to “expand” KP rules into non-KP Parties would not work;
7. The facilitator noted the following points raised by Parties:
- Having measurement, reporting and verification in place is important in order to ensure achievement of quantified economy-wide targets;
 - Measurement, reporting and verification should be part of the Cancún package;
 - Transparency is a major requirement for the MRV system;
 - Annex I Parties already have an extensive MRV system, including annual reporting and expert review of GHG inventories, periodic reporting and review of national communications, etc.; this already makes reporting/review robust, rigorous and transparent;
 - Annex I Parties can do more compared with the current reporting and review system, but common rules are required for both KP and non-KP Parties;
 - Annex I Parties can do more compared with the current reporting and review system, for example by more frequent and detailed reporting (including on progress towards targets and methods to estimate that progress);
 - A national inventory system used under the Kyoto Protocol could also be useful for non-KP Parties, but not all KP provisions should be transferred;
 - Comparability of effort is key, which should be defined as comparability between KP and non-KP Annex I Parties in terms of legal form, magnitude of effort, and MRV and compliance provisions;
 - Comparability of efforts would be hard to assess on an international level, because comparability contains a number of parameters and ultimately will involve a subjective judgment by individual Parties on other Parties; national assessments of comparability may be more practical;
 - A “bottom-up” approach is more appropriate for ensuring that the MRV system is robust, rigorous and transparent;
 - Accounting is important; national rules of accounting are not sufficient and international rules, such as KP rules, are needed;
 - Common rules for accounting and LULUCF are needed;
 - Common rules for accounting are not needed and will not make sense if applied to Annex I Parties only;
8. In their interventions, Parties referred to the following paragraphs in chapter 1 of document FCCC/AWGLCA/2010/14: 18 bis, 24 and 27. The facilitator noted the following points raised by Parties:
- A compliance regime is important, also in terms of ensuring comparability;

- “International consultations” at SBI cannot replace a compliance regime (enforcement rules and eligibility criteria are important elements in this regard);
 - Annex I Parties do not comply with their commitments; a Climate Court of Justice is therefore needed; equitable distribution of atmospheric space should be ensured;
 - Compliance rules under Kyoto Protocol are weak; AWG-LCA should come up with stronger compliance rules;
 - Compliance is not relevant for a decision at COP 16, and could not find convergence if applied only for Annex I Parties;
 - The compliance regime should be facilitative; punitive rules can lead to withdrawal from the regime;
9. The facilitator noted the following points raised by Parties:
- A work programme on MRV could include enhancements in the review system, accounting rules, LULUCF rules, etc.;
 - One could start “pinning-out” what is exactly needed for an MRV system
 - In discussing the idea of an MRV work programme, one should take into account that comparability of effort is an important element of MRV for developed countries and that rules of accounting/compliance under the Kyoto Protocol should apply also to Annex I non-KP Parties;
 - A set-up of an MRV work programme should be an outcome of Cancún, along with anchoring the mitigation pledges;
 - An MRV work programme under 1 (b) (i) has a different focus compared to that under 1 (b) (ii): while for 1 (b) (ii) the focus is to develop guidelines for reporting within an MRV framework, for 1 (b) (i) the focus should be on assessing progress in achieving quantified economy-wide emission reduction targets, accounting, LULUCF, use of international credits/offsets and relationship with units coming from possible other market mechanisms;
 - Progress with launching an MRV work programme for developed countries should be at the same pace as progress with other issues, such as developing MRV-related guidance under 1 (b) (ii);
 - An MRV work programme is an “end” rather than the “beginning”; the right order is to start with the enhancement of commitments of Annex I Parties and only then consider how to MRV those commitments;
 - There is relevant ongoing work under the SBSTA since SBSTA-20, where revision of the reporting guidelines for Annex I Parties was launched; that effort should not be duplicated;
 - Rules of accounting and compliance are fundamental; such rules for both KP and non-KP Parties should be agreed first; this is a pre-requisite for launching such a work programme;
 - The idea of launching an MRV work programme requires further deliberation under the subsidiary bodies;
 - The content of the work programme should be clarified and then it can be launched by the SBI;
 - A simple transfer of this issue to the SBI would not work; relevant guidance to the SBI should be given;

- The SBI is the appropriate body for considering such a programme.

2. **Facilitator's understandings of the issues discussed at the meetings on paragraph 1 (b) (ii) of the Bali Action Plan**

This note reflects the co-facilitators' understandings of the issues discussed at the meetings on paragraph 1 (b) (ii) of the Bali Action Plan. The co-facilitators' understandings are derived from some of the statements made during the drafting groups on mitigation at this session. As such, these co-facilitators' understandings will have no status in the negotiations. Negotiations will continue on the basis of document FCCC/AWGLCA/2010/14 without prejudice to the positions of Parties.

Discussions relating to registry/mitigation mechanism

1. In their interventions, Parties referred to the following paragraphs in chapter 1 of document FCCC/AWGLCA/2010/14: 29 ter to 33, 44–46 and 49–50. The facilitator noted the following points raised by Parties:

With regard to registry/mitigation mechanism:

- Two proposals with regard to the registry: registry as a stand-alone mechanism; and registry as one of the functions of the proposed mitigation mechanism;
- The mitigation mechanism would have the following functions:
 - (a) To provide technical support for the preparation of nationally appropriate mitigation actions (NAMAs);
 - (b) To record mitigation actions seeking support, to facilitate the provision of such support and to record support provided;
 - (c) To give international recognition.
- The act of registering NAMAs in the registry should be voluntary; another view was that all NAMAs should be registered;
- There are differences in processing internationally supported and domestically supported NAMAs.

With regard to support for the design, preparation and implementation of nationally appropriate mitigation actions:

- Technical support will be needed to build the capacity of developing countries for the design and preparation of NAMAs;
- Technical support applies not only to the design and preparation of NAMAs but also to their implementation. Support should cover a broader set of activities, including technology, to aid the development of a NAMA until it reaches the funding stage;
- Part of the purpose of the technical support is to assist developing countries to guide the development of the NAMA proposals through the funding process;
- Funding for the design and preparation of NAMAs should be on an agreed full cost basis. Financial support for such an activity may also come from different sources, for example, the Global Environment Facility, and bilateral, multilateral and other sources, in accordance with Article 11, paragraph 5, of the Convention;

With regard to recording mitigation actions seeking support and facilitating the provision of and the recording of support:

On matching function

- “Matching” between mitigation actions seeking support and support to be provided is one of the functions of the registry. Views on the meaning of ‘matching’ include an advisory role, ‘match-making’ between NAMAs and support, and as a means to ensure the provision of finance;
- “Matching” should take place in the registry. Another view is that this should be done under the financial mechanism or the executive bodies of funding institutions;

On registry function

- The registry is a public database where NAMAs seeking support are posted; it has the advisory function of structuring proposals for NAMAs. It may also serve as a platform for information of NAMAs seeking support;
- The registry will have the function of recording NAMAs seeking support, the support available and the support provided. The registry is only one of the avenues for seeking support for NAMAs;
- Autonomous and supported NAMAs recorded in the registry will receive international recognition. It is also proposed that the “appendix” may serve as a means of gaining this recognition. The registry is distinct from the proposed ‘appendix’ where supported mitigation actions and actions committed are listed;
- The registry should conduct a technical assessment of NAMAs to ensure that they deliver actual mitigation;
- The registry provides information but the actual conduct of measuring, reporting and verifying of support should take place elsewhere, such as through the national communications.

Discussions relating to measurement, reporting and verification of nationally appropriate mitigation actions by developing country Parties

2. In their interventions, Parties referred to the following paragraphs in chapter 1 of document FCCC/AWGLCA/2010/14: 38 to 43 septies. The facilitator noted the following points raised by Parties:

With regard to non-Annex I national communications:

- The current reporting framework for non-Annex I Parties is not adequate or transparent and hence needs to be enhanced. On the other hand, it was mentioned that there is also a need for improved transparency in reporting by Annex I Parties on the provision of support, particularly with regard to whether the support provided is new and additional;
- The proposed new reporting framework for non-Annex I Parties is not meant for compliance purposes or to be punitive or to question the level of ambition of actions, but rather to be a facilitative process that respects national sovereignty and recognizes progress;
- The proposed new reporting requirement for non-Annex I Parties is different from the reporting requirement of Annex I Parties in the following ways:
 - (a) Different frequency for greenhouse gas inventories and national communications;
 - (b) Different content – the content of national communications from Annex I Parties would be more extensive because they would be reporting on the implementation of economy-wide targets;

- (c) Analysis – the implementation of economy-wide targets by Annex I Parties would be subject to broader examination by the panel of experts;
- (d) Facilitative role, particularly in helping to identify needs;
- (e) Financing – scaled-up financing to support non-Annex I Parties’ enhanced reporting in accordance with Article 4, paragraph 3, of the Convention.
- The proposal on non-Annex I reporting makes the reporting requirement for non-Annex I Parties similar to or more stringent than the reporting requirement for Annex I Parties and the new reporting requirement for non-Annex I Parties will need to respect the principle of common but differentiated responsibilities;
 - There is a need to improve the content and frequency of national communications from non-Annex I Parties, but this discussion should take place under the SBI where such deliberation is already taking place;
 - Owing to multiple limitations, non-Annex I Parties are not in a position to prepare more frequent national communications;
 - With regard to support for the preparation of non-Annex I national communications, as currently outlined in the Convention, full cost for their preparation is not being met. Along with content and frequency of reporting, discussion on enhanced support for the preparation of non-Annex I national communications is critical;
 - Non-Annex I national communications provide space for reporting all mitigation actions by developing countries;

With regard to international consultation and analysis:

- Flexibility in terms of discussing whether international consultation and analysis would be conducted at individual country level or whether it would be the analysis of the national communications of a group of Parties was expressed;
- There is challenge of conducting international consultation and analysis of national communications of non-Annex I Parties on an individual level;
- International consultation and analysis applies to all mitigation actions and would involve the process of expert review, consultation under the SBI and production of a record that includes a summary of analysis and consultation;
- Flexibility on many variables, including on frequency and content of reporting and whether some Parties would go through international consultation and analysis was expressed;
- International consultation and analysis as a confidence-building process to better understand collective efforts in addressing climate change is acceptable;
- National communications can be presented for the consideration of Parties in accordance with Article 10, paragraph 2, of the Convention;
- International consultation and analysis is not in line with the Bali Action Plan (decision 1/CP.13);

With regard to measurement, reporting and verification:

- National communications and greenhouse gas inventories form the basis for the “M” and “R” of MRV. The issues that need further clarification in this context are: (1) content of the reporting, (2) international consultation and analysis and its relation to the measurement, reporting and verification system; and (3) various guidelines;

- The “M” and “R” of MRV for supported NAMAs is done on a domestic level while “verification” is carried out at international level. What needs to be discussed here is the guideline for undertaking international verification;
- There is a need to elaborate on operational details of measurement, reporting and verification;
- A work programme to elaborate operation details of MRV needs to be adopted.

D. Enhanced action on finance: establishment of a new fund and a new body

Elements for a draft decision⁹

Establishment of a new fund and a new body with reference to document FCCC/AWGLCA/2010/14, chapter III, paragraphs 8,9, 10,11,12, and 14

1. Key points/Principles
 - (a) new and additional, adequate, predictable and sustainable financial resources
 - (b) be under the guidance of and accountable to the COP
 - (c) efficient and effective operation
 - (d) direct access where fiduciary standards of the implementing/executing entities are guaranteed
 - (e) balanced allocation between mitigation and adaptation with priority for countries most vulnerable to the adverse impacts of climate change and unable to bear the costs
2.

Option 1a: To/shall be establish (ed) the XX fund as an operating entity of the Convention

Option 1b: To/shall be establish (ed) the XX fund under the Convention with its Board as its operating entity of the Convention

Option 2: Will/To establish a new fund as an operating entity of the financial mechanism

to support projects, programmes, policies and other activities related to mitigation, REDD-plus, adaptation, capacity-building and technology development and transfer in developing country Parties using thematic funding windows in accordance with Article 4 of the Convention.
3. The modalities of the fund/the fund shall be established through the following process:

Option 1: The Standing Committee on Finance/ An Ad Hoc Committee of XX members with the necessary experience and skills with balanced and equitable representation selected by the COP shall recommend the operating modalities of the fund and the process for Board selection at COP 17.

Option 2: Party X/and Party Y will convene a series of meetings open to all Parties, led by finance ministries, to prepare a governing instrument and other documents needed to establish the fund and a process for Board selection/ to elect the Board, and to negotiate a memorandum of understanding with the COP
4. The design process shall make recommends relating to, inter alia:
 - (a) Rules of procedure;
 - (b) Criteria for funding projects, programmes, policies and other activities;
 - (c) Strategic priorities, policies and guidelines;

⁹ This note draws on proposals submitted by Parties that are contained in document FCCC/AWGLCA/Misc.6/Add.1.

- (d) Balanced allocation of resources across all thematic areas;
- (e) Cooperation between the fund and thematic bodies;
- (f) Recipient country involvement to ensure country-driven priorities;
- (g) Criteria for membership of the Board.

5. The Option 1 group/Option 2 Party X/and Party Y shall draw upon additional expertise when needed, including from financial institutions, inter alia the multilateral development banks, the private sector and civil society, and will make use of experiences of other global funds.

6. The new fund will be governed by a Board comprising XX members and an equal number of alternates members with relevant expertise reflecting balanced and equitable representation of all Parties/equal representation of net contributors and net recipients.

7. The operations of the fund shall be supported by a dedicated/contracted secretariat. The XX is invited to be the interim secretariat.

8. The fund shall have a trustee complying with criteria for sound financial management and internationally accepted fiduciary standards. The World Bank is invited to serve as the trustee of the fund, subject to periodic review/The trustee will be selected through an open competitive bidding process.

9. The Option 1 group/Option 2 Party X/Party Y shall regularly report on its progress to SBI 34 and present its final recommendations/draft MOU to the COP at its 17th session.

10.

Option 1: A Standing Committee on Finance/new body comprising XX members is established under the guidance of and accountable to the COP to assist it in exercising its functions with respect to the financial mechanism of the Convention. The Standing Committee on Finance/ new body shall:

Option 2: Existing institutions/bodies of the Convention shall be strengthened to perform, inter alia, the following functions:

List of functions from paragraph 14 of chapter III of FCCC/AWGLCA/2010/14, plus paragraph 5 of the Group of 77 and China submission dated 7 October, 2010 entitled "Elements of a Draft Decision on the New Fund/Financial Mechanism".

The establishment of the Fund and the Standing Committee shall be incorporated into a legally binding outcome in the future.

E. Enhanced action on technology: considerations on the composition and mandate of the Climate Technology Centre and Network

This note was prepared by the co-facilitator under his own responsibility, drawing from views and the discussion among Parties during the twelfth session of the AWG-LCA. Owing to the lack of time, the topic has not been discussed exhaustively. These discussions were without prejudice to any final conclusions or outcome, or any Party's position. The note does not represent a negotiated outcome, but contains an indicative list of issues and questions raised by Parties to enhance their understanding of the concept of the Climate Technology Centre and Network. This is a non-exhaustive list, and Parties may further explore different options and approaches and present additional issues in relation to the concept and modalities of the Climate Technology Centre and Network.

Mandate

1. Mandate is defined by the functions contained in paragraph 11;¹⁰
2. Mandate clarifies the division of labour between the Climate Technology Centre (CTC) and the Technology Executive Committee (TEC);
3. Modalities and procedures for the CTC and Network:
 - (a) *Approach 1:* Prepared by CTC and Network under guidance from the COP;
 - (b) *Approach 2:* Prepared by the TEC based on terms of reference agreed by the COP;
4. Relationship between the CTC and the TEC:
 - (a) *Approach 1:* Two parallel entities; cooperation but no hierarchy with the CTC taking fully into account the policy and technical advice of the TEC;
 - (b) *Approach 2:* CTC under the authority and guidance of the TEC;
 - (c) *Approach 3:* CTC operates independently within a mandate approved by the COP, guided by the TEC;

Relationship with UNFCCC

5. CTC established by the Conference of the Parties;
6. CTC and Network reports [to the COP through the SBSTA][to the SBSTA][through the TEC to the COP];
7. Accountability;

Composition

8. Comprised of:
 - (a) Climate Technology Centre;
 - (b) Regional centres (existing):
 - (i) *Approach 1:* [X] Regional centres that act as the regional branches of the Climate Technology Centre;
 - (ii) *Approach 2:* [X] Regional centres that form part of the Network;

¹⁰ FCCC/AWGLCA/2010/14, chapter IV, paragraphs 11.

(c) Network of national, regional, sectoral and international technology centres, networks, organizations and initiatives;

9. Governance and management:

Approach 1:

- (a) [Board][Committee] with Chair and [X] appointed members, and
- (b) Chair of the TEC, q.q.
- (c) Director of the CTC;

Approach 2:

- (a) TEC performs function of the governing body of the CTC;
- (b) Director of the CTC.

Staffing/secretariat arrangements

10. Approximately [20] administrative and professional staff with expertise in technology development and transfer, finance, legal, programme/project management, capacity-building;

11. Roster of experts and/or institutions;

12. Staffing arrangements to be determined;

13. Secretariat:

- (a) *Approach 1:* within the UNFCCC secretariat;
- (b) *Approach 2:* its own secretariat;
- (c) *Approach 3:* selected based on a call for proposals;

Finance/resources

14. Relationship with finance;

15. Resources.

F. Enhanced action on capacity-building: points of discussion on capacity-building

In the course of meetings of the drafting group on capacity-building held during the twelfth session of the AWG-LCA, Parties discussed potential areas of convergence and outstanding issues on enhanced action on capacity-building. These potential areas have been captured by the co-facilitator in the text below, with a view to assisting further constructive discussions on capacity-building in Cancun.

1. Capacity-building is essential to enable developing countries to participate fully in, and implement, their commitments under the Convention;
 2. The current framework for capacity-building remains fully applicable and should be enhanced, strengthened and made more effective. Its scope should be broadened and embrace new and emerging needs;
 3. Capacity-building should be part of an outcome at Cancun;
 4. We should avoid gaps and make sure that no capacity-building issue is lost or not addressed;
 5. Capacity-building is cross-cutting by nature and has strong interlinkages with other thematic areas under the Bali Action Plan;
 6. Decisions taken on capacity-building need to be fully and effectively implemented;
 7. Continuous support for capacity-building should be ensured;
 8. We should continue to actively discuss on how to best capture the issue of capacity-building, recognizing that important issues of concern and divergence, as contained in chapter V of document FCCC/AWGLCA/2010/14, remain to be resolved and discussed in Cancun.
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