

Status of the UNFCCC Negotiations

Outcomes of COP 14 in Poznan

Deborah Murphy

March 2009

**Policy Dialogue with civil society on the UNFCCC
Negotiations, Winnipeg, Manitoba, March 16, 2009**

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Abbreviations and Acronyms

AF	Adaptation Fund
AR4	Fourth Assessment Report
AWG-KP	Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol
AWG-LCA	Ad Hoc Working Group on Long-term Cooperative Action under the Convention
BAP	Bali Action Plan
CCS	carbon capture and storage
CDM	Clean Development Mechanism
CER	Certified Emission Reduction
COP/MOP	Conference of the Parties serving as the Meeting of the Parties
COP	Conference of the Parties
DOE	Designated Operational Entity
EB	Executive Board
EC	European Community
GEF	Global Environment Facility
GHG	greenhouse gas
IPCC	Intergovernmental Panel on Climate Change
JI	Joint Implementation
LDC	least developed country
LULUCF	land use, land-use change and forestry
MOP	Meeting of the Parties
MRV	measurable, reportable and verifiable
NAMA	nationally appropriate mitigation actions
QELRO	quantified emission limitation and reduction objective
REDD	reducing emissions from deforestation and forest degradation
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
UNFCCC	United Nations Framework Convention on Climate Change

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1.0 Introduction

The goal of the United Nations Framework Convention on Climate Change (UNFCCC, Article 2) is “to achieve...stabilisation of greenhouse gas concentration in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.” The UNFCCC, which was ratified in 1994, sets out an overall framework for international efforts to tackle the challenge of climate change. The Kyoto Protocol, which entered into force in 2005, is an addition to this treaty that sets legally binding targets for reducing greenhouse gas (GHG) emissions for 37 developed nations and the European Community (EC). These targets amount to an average of five per cent reductions in emissions from 1990 levels over the five-year period 2008-2012. The major distinction between the Convention and the protocol is that the Convention *encourages* industrialized nations to stabilize GHG emissions, while the protocol *commits* them to do so.

The first commitment period of the Kyoto Protocol ends in 2012 and countries have entered international negotiations attempting to reach agreement on a package for addressing climate change after 2012. The Bali Action Plan (BAP), agreed to in December 2007, set out a two-year process for reaching a climate agreement. The fourteenth Conference of the Parties (COP 14) to the UNFCCC, held in Poznan, Poland in December 2008, marked the halfway point between the adoption of the BAP and COP 15 to be held in Copenhagen in December, 2009 where a comprehensive post-2012 climate agreement is expected to be adopted.

International climate negotiations will take on increased urgency over 2009 as the world strives to agree on the commitments and structure of a post-2012 regime. Part of the negotiations will be to define what scale of GHG emissions reductions will prevent dangerous human interference with the climate system, and how this translates into targets, commitments and/or actions for developed and developing countries. Another large part of the negotiations is the development of a package of measures to assist developing countries in mitigating and adapting to climate change.

Climate change is commonly identified as one of the most urgent and critical issues facing the international community. The Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC) confirmed that the warming of the climate system is unequivocal and human actions are changing the Earth’s climate and creating major disturbances for ecosystems with major consequences for human development and well being. Change in temperature has already impacted human and natural systems with the IPCC noting:

- eleven of the last 12 years rank among the 12 warmest years on record since 1850;
- an increase in the number of heavy precipitation events;

- more intense and longer droughts have become more common;
- widespread retreat of mountain glaciers since the end of the 19th century; and
- Arctic sea ice extent has been declining since 1978 and temperature at the top of the Arctic's permafrost layer has increased by up to 3°C since the 1980s.¹

Early indicators of climate change consequences in Canada include the instability of infrastructure due to melting permafrost, the increase of ice-free open water in the Northwest Passage, the ravages of the mountain pine beetle on forests in British Columbia and the drought in the western provinces. Canada is projected to experience greater rates of warming than most other world regions, although the magnitude of changes in climate will vary across the country with the Northern and South-central Prairie regions warming the most.

This paper provides an overview of the status of the international climate change negotiations. Section 2 provides information on the main negotiating bodies and the process. The third section provides an overview of the outcomes of COP 14 in Poznan, Poland, and the concluding section sets out the critical issues that will need to be resolved over 2009.

¹ IPCC, "Summary for Policymakers," *Climate Change 2007: The Physical Science Basis. Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* (Cambridge and New York: Cambridge University Press, 2007), pp. 81-83.

2.0 Negotiating Process

Countries that are members of the UNFCCC are attempting to come to agreement on an international strategy for addressing climate change after 2012—the end of the first commitment period under the Kyoto Protocol. This process was started at COP 11 in Montreal in December, 2005 where countries agreed to a two-track process for moving forward. The first track was a *Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention*, under the UNFCCC. Work under this track led to the adoption of the BAP at COP 13 in Bali, Indonesia in December, 2007, and the formation of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) as a follow-up process to the dialogue.² All 192 countries that have ratified the UNFCCC are members of this working group.

The second track is the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) that is considering future developed country targets under the Kyoto Protocol, aiming to complete its work by the end of 2009. This working group includes 183 countries and one economic region (the EC) that have ratified or accepted the Kyoto Protocol. Most notably, the U.S. is not a member of this group.

Other UNFCCC bodies also contribute to the post-2012 negotiations through related discussions. Under the COP, the Subsidiary Body for Implementation (SBI) deals with such issues as financial mechanisms, technology transfer and capacity building. Also under the COP, the Subsidiary Body for Scientific and Technological Advice (SBSTA) includes technology transfer, adaptation, reducing emissions from deforestation and degradation in developing countries (REDD) and bunker fuels. The Conference of the Parties serving as the Meeting of the Parties (COP/MOP) brings together those countries that have ratified or accepted the Kyoto Protocol. Discussions relate to the long-term negotiations include the Clean Development Mechanism (CDM), adaptation, capacity building and the second review of the protocol under Article 9.

2.1 AWG-LCA

The AWG-LCA is considering how to address climate change through effective implementation of the Convention now, up to and beyond 2012. This two-year process, under the Bali roadmap, sets out the expected outcome and building blocks for future negotiations. Negotiators are aiming to develop a shared vision, including a long-term global goal for emission reductions and action on four building blocks of a future regime set out in the BAP:

² UNFCCC, “Decision 1/CP.13: Bali Action Plan,” *Report of the Conference of the Parties on its thirteenth session, held in Bali from 3 to 15 December 2007: Addendum*, 2007, pp. 3-6.

- Mitigation – measurable, reportable and verifiable mitigation commitments or actions in developed countries, nationally appropriate mitigation actions by developing countries that are supported by developed countries, REDD, cooperative sectoral approaches and market-based approaches.
- Adaptation – addresses all countries, but emphasizes the needs of particularly vulnerable developing countries, including international cooperation to support adaptation through vulnerability assessments, financial needs assessments, capacity building, integration into national planning and other ways to encourage implementation of action.
- Technology development and transfer – mechanisms to remove barriers and obstacles, and provision of financial and other incentives to scale up the transfer of technology to developing countries, and cooperation on research and development.
- Financing and investment – improved access to adequate and sustainable financial resources, positive incentives for developing countries, and mobilization of public and private funds to facilitate low-carbon choices.

As detailed on the UNFCCC website, the first four sessions of the AWG-LCA focused on:

- First session, March/April, 2008 – agreeing to organize work sessions that include the shared vision and four elements of the BAP, taking into account linkages between them and the work of the UNFCCC’s subsidiary bodies.
- Second session, June, 2008 – presenting ideas and proposals on how to address the shared vision and four building blocks. In-session workshops were held on adaptation, technology, and investment and financial flows.
- Third session, August, 2008 – reviewing proposals by countries, focusing on adaptation and mitigation. In-session workshops were held on sectoral approaches and REDD.
- Fourth session, December, 2008 – agreeing to shift into full negotiating mode for 2009 and determining a work program, inviting the Chair of the AWG-LCA to prepare negotiating text and asking for further proposals from countries. In-session workshops were held on shared vision, risk management and risk reduction strategies, and research and development of technology.³

2.2 AWG-KP

The AWG-KP has held six sessions to date. As outlined on the UNFCCC website, these sessions have focused on:

- First session, May, 2006 – agreeing that the group would proceed expeditiously toward agreement on future commitments for developed countries.
- Second session, November, 2006 – deciding to focus in 2007 on analysis of mitigation potential and ranges of emissions reduction objectives for developed countries.

³ UNFCCC, *Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA)*, 2009. <http://www.unfccc.int/meetings/items/4381.php>

- Third session, May, 2007 – discussing the current status of scientific understanding and relevant experience.
- Fourth session, part 1, August, 2007 – adopting conclusions on the analysis of mitigation potentials and the identification of ranges of emission reduction objectives for developed countries. In the report of the session, the AWG recognized that the contribution of Working Group III to the AR4, “indicates that global emissions of GHGs need to peak in the next 10 to 15 years and be reduced to very low levels, well below half of levels of 2000 by the middle of the twenty-first century in order to stabilize their concentrations in the atmosphere at the lowest levels assessed by the IPCC to date in its scenarios... ”⁴
- Fourth session, part 2, December, 2007 – developing a timetable for the completion of work.
- Fifth session, part 1, March/April, 2008 – analyzing means to reach emission reduction targets and identifying ways to improve their effectiveness and contribution to sustainable development including:
 - emissions trading and project-based mechanisms;⁵
 - land use, land-use change and forestry (LULUCF);
 - GHG gases, sectors and source categories; and
 - sectoral approaches.
- Fifth session, part 2, June, 2008 – considering the means that may be available to developed countries to reach emission targets.
- Sixth session, part 1, August, 2008 – considering proposals on the means to reach emission targets and on methodological issues.
- Sixth session, part 2, Poznan, December, 2008 – holding comprehensive strategic discussions on all elements of the work program and identifying the need for work on a number of areas (discussed below in Section 3.2).⁶

⁴ UNFCCC, *Report of the Ad Hoc Working Group on Further Commitment for Annex I Parties under the Kyoto Protocol on the first part of its for the session, held at Vienna from 27 to 31 August, 2007*, 2007, pp. 5-6.

⁵ Clean Development Mechanism (CDM) and Joint Implementation (JI) are the project-based mechanisms under the current regime.

⁶ UNFCCC, *Ad Hoc Working Group on Further Commitments of Annex I Parties under the Kyoto Protocol (AWG-KP)*, 2009, <http://unfccc.int/kyoto_protocol/items/4577.php>.

3.0 Outcomes of Poznan ⁷

The United Nations Climate Change Conference, held in Poznan, Poland December 1-12, 2008, involved a series of meetings, including COP 14, COP/MOP 4, convening of the two AWGs and meetings of the Subsidiary Bodies. Over 9,250 participants attended these events.

Poznan was the midway mark between the approval of the BAP and the expected deadline in Copenhagen. The main focus of Poznan was long-term cooperation and the post-2012 period. The conference met its primary goal of outlining an ambitious meeting schedule for 2009, and reached agreement to shift into full negotiating mode. The Adaptation Fund was one area where significant progress was made. Other issues in the Poznan negotiations did not produce any significant breakthroughs. The positions of many countries are still to be decided with most countries appearing to be saving their bargaining chips for the negotiations over 2009. This is influenced by countries waiting for some sense of the negotiating position of the new U.S. Administration.

The six bodies considered more than 90 items and sub-items, with focus placed on issues related to a post-2012 agreement. A range of discussions and conclusions in Poznan related to a future agreement are summarized below. The outcomes of the two AWGs are discussed first, followed by other key outcomes, including the Article 9 review, Adaptation Fund, CDM, REDD, technology transfer and financing.

3.1 AWG-LCA

The AWG-LCA agenda in Poznan was focused on a shared vision for long-term cooperative action, mitigation, adaptation, technology transfer and financing, as well as the work program for 2009. ⁸ An “Assembly Document,” which consolidated the ideas and proposals of countries on elements of the BAP, assisted the discussions. ⁹

Shared vision for cooperative action was considered by the AWG, as well as during an in-session workshop and an informal ministerial round table. ¹⁰ Countries recognized the urgency of the need to address climate change and a common understanding seemed to be emerging in Poznan that a shared vision covers the four elements of the BAP. No agreement resulted on the level of global ambition required, although many countries expressed views on appropriate mid-term and long-term

⁷ This section is informed by the summary of the Poznan negotiations in the *Earth Negotiations Bulletin* produced by IISD Reporting Services. The summary can be accessed at <<http://www.iisd.ca/climate/cop14/>>.

⁸ The report of the AWG-LCA provides more details on these discussions. See UNFCCC, *Report of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention on its fourth session, held in Poznan from 1 to 10 December 2008*, 2009.

⁹ UNFCCC, *Ideas and proposals on paragraph 1 of the Bali Action Plan: Revised note by Chair*, 2008.

¹⁰ For more information, see the report on the informal ministerial round table, UNFCCC, *Report on the informal ministerial round table on a shared vision for long-term cooperative action: Revised summary by the chair*, 2008; and UNFCCC, *The report of the workshop on a shared vision for long-term cooperative action: Summary by the chair of the workshop*, 2008.

emission reduction goals. Many predict that this issue (for example, agreement on a long-term global emission goal) will not be resolved until Copenhagen and will be part of a package deal.

Mitigation discussions included how to ensure commitments and that:

- actions are measurable, reportable and verifiable;
- the idea of establishing an international registry of nationally appropriate mitigation actions in developing countries; and
- there is differentiation amongst developing countries.

Countries' views diverged significantly on the latter topic. Some developed countries suggested broadening the scope of developed countries such that more countries take on targets and/or differentiating between developing countries through graduation—where some developing countries (for example, major developing emitters such as China or advanced developing countries such as South Korea) would be expected to take on more stringent actions than others (for example, least developed countries). Most developing countries rejected any such proposals.

The discussions on adaptation covered a range of specific proposals put forward by countries. For example, China suggested establishing a Convention adaptation fund and an adaptation committee, while Switzerland proposed a global carbon dioxide (CO₂) levy to generate resources for adaptation. Other proposals included the establishment of regional adaptation centres, and the need for early warning systems, vulnerability mapping and information exchange. An in-session workshop focused on risk management and risk reduction strategies, including risk sharing and transfer mechanisms such as insurance.

In regard to financing, countries discussed the principles of financing, mobilization of financial resources and institutional arrangements. On the latter, many developed countries noted that a new financial framework should be built on existing infrastructure while developing countries highlighted the need for a new financial architecture. Technology discussions included institutions and intellectual property rights, and an in-session workshop focused on cooperation on research and development of current, new and innovative technology, including win-win solutions.

As noted, the AWG-LCA agreed to enter into full negotiating mode. The work program for 2009 includes the Chair of the working group preparing an assembly document that includes further party submissions. This document, to be ready for the March/April session, will identify areas of convergence and options for addressing areas of divergence. The Chair will also prepare a draft negotiating text for the June session.

3.2 AWG-KP

The AWG-KP considered two main issues, the first being the means, methodological issues, mitigation potential and ranges of emission reduction objectives, and consideration of further commitments. After much discussion on the aggregate range of developed country emission reductions, countries agreed to language similar to that of the BAP, noting that further consideration of this issue should be informed by recent scientific information, including the AR4 and referring to the range of 25 to 40 per cent below 1990 levels by 2020.¹¹

The second issue was potential environmental, economic and social consequences including spillover effects, of tools, policies, measures and methodologies available to developed countries. The conclusions noted that there could be both negative and positive potential consequences, that the level of potential consequences will vary among countries and attention should be paid to negative consequences for developing countries. These issues will continue to be discussed at a workshop at the March/April session of the AWG.

Other conclusions of the AWG-KP included:

- On the nature of commitments, countries agreed that these should principally take the form of quantified emission limitation and reduction objectives (QELROs)—for example, targets similar in manner to the current Kyoto Protocol.
- The scale of emission reductions in developed countries should be informed by consideration of, *inter alia*, the analysis of mitigation potential, effectiveness, efficiency, costs and benefits of current and future policies, measures and technologies available to developed countries, and national circumstances. This might lead to a spread of values for targets among individual countries.
- Emissions trading and project-based mechanisms, as well as LULUCF activities, should continue to be available to countries. The use of emissions trading and project-based mechanisms should be supplemental to domestic actions.
- Noting the pledges for emission reductions targets made to date, and inviting developed countries in a position to do so, to submit information on their possible targets before the March meeting of the AWG.

The pledges to date include the European Union agreeing to a new round of emission reductions aimed at cutting emissions by at least 20 per cent below 1990 levels by 2020. Australia set a range of

¹¹ The IPCC Working Group III findings, which are referenced in the BAP note that global emissions of GHGs need to peak in the next 10 to 15 years and be reduced to very low levels, well below half the 2000 levels by the middle of the 21st century to stabilize concentrations in the atmosphere and that achieving the lowest stabilization level assessed by the IPCC would require developed countries as a group to reduce emissions by a range of 25 to 40 per cent below 1990 levels by 2020. See Gupta, S. *et al.*, "Policies, Instruments and Co-operative Arrangements." In *Climate Change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* (Cambridge and New York: Cambridge University Press, 2007), p. 776.

between 5 and 15 per cent reductions in GHG emissions on 2000 levels—5 per cent will be cut unconditionally and up to 15 per cent will be cut if there is a global agreement. Mexico, a non-Annex I Party, pledged to reduce its emissions by 50 per cent by 2050. Brazil pledged to reduce its deforestation rate in half (from a 1996-2005 baseline) by 2018.

The 2009 work program was a key consideration in Poznan. The conclusions agreed to maintain a coherent approach between the Convention and the protocol, although there tends to be developed-developing country divide on what this means. Developing countries tend to see the two tracks as separate processes, whereby the AWG-KP focuses on targets for developed countries, and the AWG-LCA discussion deals with cooperation up to and beyond 2012, and actions that are measurable, reportable and verifiable (for example, they want to avoid discussion of commitments in this group). Generally, developed countries support integration of the AWG-LCA and AWG-KP because these countries want a discussion on commitments that includes all countries. The U.S. has not ratified the Kyoto Protocol and developing countries do not have to make emissions cuts under the current protocol, meaning that approximately 70 per cent of GHG emissions are not addressed under the protocol. Developed countries are reluctant to agree to commitments without knowing what all the major economies (for example, the U.S., China and India) are doing. To expect developed countries, especially Canada, to make commitments under the AWG-KP is counterproductive to the long-term negotiations. New Zealand has proposed forming a Committee of a Whole to bring the two tracks together to consider one negotiating text in June.

The AWG-KP conclusions identified a list of issues that require further work including:

- the scale of emission reductions to be achieved by developed countries in aggregate;
- individual and joint contributions of countries;
- the duration of the commitment period(s);
- how targets could be expressed, including base years;
- mitigation potential;
- improvements to emissions trading and the project-based mechanisms;
- LULUCF;
- coverage of gases, sectors and sources;
- common metrics;
- legal matters;
- sectoral approaches; and
- aviation and marine bunker fuels.¹²

¹² The report of the AWG-KP provides more details on these discussions. See UNFCCC, *Report of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol on its resumed sixth session, held in Poznan from 1 to 10 December 2008*, 2009.

3.3 Second Review of the Kyoto Protocol under Article 9

Article 9 of the Kyoto Protocol states that the COP/MOP shall review the protocol, “in light of best available scientific information on climate change and its impacts, as well as technical, social and economic information.” Countries are to take appropriate action based on the outcomes of the review. The first review was held at COP/MOP 2 in Kenya in 2006. The meetings between the first review and COP/MOP 4 determined that the second review would consider improving the governance and distribution of the CDM, facilitating procedures for countries to take on emissions targets under Annex B of the protocol, privileges and immunities, and extending the share of proceeds for adaptation to JI and emission trading.

The consultations were not able to produce an agreement and the second review of the Kyoto Protocol did not result in a substantive outcome or document. Particularly contentious were negotiations on extending the share of the proceeds (the 2 per cent levy on the sale of CDM credits where the proceeds assist with the costs of adaptation) to JI and emissions trading.. Developing countries tended to support extending the share of emissions to the other two mechanisms and finalizing this in Poznan while developed countries generally supported that this discussion be informed by and discussed in the wider context of the financing and investment pillar under the AWG-LCA or moved to the SBI. Negotiations under the review collapsed because of a lack of agreement related to the share of proceeds, privileges and immunities, and procedural elements for inscribing commitments under Annex B.

3.4 Adaptation Fund

A concrete outcome of Poznan was operationalization of the Adaptation Fund Board, giving it authority to identify projects and allocate money to them. The COP/MOP adopted strategic priorities, policies and guidelines for the Adaptation Fund (AF). The AF is expected to be operational in 2009 and developing countries will be able to access the fund through implementing agencies, accredited national entities and direct access by countries. The AF will be administered by a board under the UNFCCC with the Global Environment Facility (GEF) providing secretariat services and the World Bank acting as a trustee, both on an interim basis.¹³ This governance structure was considered a success by developing countries, who wanted the ability to access funds directly from the board, rather than work through the GEF or World Bank. Some developed countries wanted direct access delayed due to concerns about the lack of proper controls to ensure that funding is used for adaptation purposes.

The AF is currently financed by a 2 per cent levy on the sale of emission credits generated by CDM projects, which is recognized as only a fraction of the funding needed. As noted in Section 3.3.,

¹³ See the UNFCCC webpage on the Adaptation Fund for more information. UNFCCC, *Adaptation Fund*, 2009.

countries were unable to come to agreement on extending the share of proceeds to JI and emissions trading.

3.5 Clean Development Mechanism

Discussions under COP/MOP 4 also emphasized the operation of the CDM and regional distribution of CDM projects. The decision noted concerns with delays in project registration and issuance of credits and urged the CDM Executive Board (EB) to take action to speed up processes.

¹⁴ The EB was requested to improve transparency of and access to documentation on decision-making, continue to streamline registration and credit issuance processes and enhance communication with project participants. In regard to the accreditation of Designated Operational Entities (DOEs), the EB was requested to revise its accreditation process, develop a system for continuous monitoring and facilitate accreditation of DOEs from developing countries. On methodologies and additionality, the EB was asked to further enhance the objectivity of approaches used to demonstrate additionality and provide guidance on programs of activities.

A number of countries called for the consideration of carbon capture and storage (CCS) as an eligible project activity under the CDM and several countries objected, as has occurred at previous negotiating sessions. In compromise language, the EB was tasked to “consider the implications of the possible inclusion” of CCS and report back in December, 2009. Brazil called for the inclusion of activities involving “lands with forests in exhaustion” as possible afforestation/reforestation CDM activities. The board was also tasked to consider the implications of the possible inclusion of these activities in the CDM.

A controversial issue was regional and subregional distribution of projects and capacity building. While some countries highlighted the needs of African and least developed countries (LDC), other nations called for equal treatment for all developing countries with few CDM projects. The final decision encouraged streamlining of the process in countries with less than 10 CDM projects, especially in LDCs, small island developing states and Africa. The decision also encourages countries and the private sector to support the development and costs of validation of CDM projects in these countries.

3.6 REDD – Reducing Emissions from Deforestation in Developing Countries

REDD is considered in the BAP as well as under the SBSTA, which started a work program on methodological issues related to REDD in 2008. In Poznan, REDD discussions under the SBSTA focused mainly on these methodological issues and consensus was reached on a 2009 work program on methodological issues that are crucial for underpinning a future REDD regime. Countries agreed on a decision text that encourages robust national forest monitoring systems, capacity building and use of IPCC Guidelines and Good Practice Guidance. An expert meeting on REDD will be held in

¹⁴ See UNFCCC, *Decision -/CMP.4: Further guidance relating to the clean development mechanism*, 2008.

2009 and a technical paper will be prepared on the cost of implementing methodologies and monitoring systems.¹⁵

A contentious issue in the Poznan discussions included the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries with some countries wanting to include this in a future REDD mechanism. Another divisive issue was the language used for indigenous peoples. Some countries wanted to include reference to the rights of indigenous peoples while other countries suggested this issue should be dealt with by the AWG-LCA. Countries have been invited to submit their views on these issues.

3.7 Technology Transfer

In Poznan, technology transfer issues were discussed primarily in the SBSTA and SBI. The COP adopted the *Poznan Strategic Programme on Technology Transfer*, endorsing a work program presented by the GEF that aims to scale up investment in the technology transfer to help developing countries address their needs for environmentally sound technologies.¹⁶ The GEF is to promptly facilitate and initiate projects, collaborate with implementing agencies to provide technical support to developing countries to prepare or update technology needs assessments and consider the long-term implementation of the strategic program (including leveraging private sector investment).

The Expert Group on Technology Transfer presented three reports: financing options; performance indicators; and a long-term strategy to support technology development, deployment and diffusion.¹⁷ Countries requested updated versions of these reports be presented to the AWG-LCA for its work on technology. The paper on performance indicators will contribute to AWG-LCA discussions on MRV transfers of technology to support developing country mitigation efforts under the BAP.

3.8 Financing

As noted, important progress was made on the AF, but little progress was made on financing in the broader negotiations. In his high level statement to the COP, Norway's Minister of the Environment proposed that 2 per cent of allowances in the carbon market be auctioned for a global fund to support developing country action, which would generate approximately US\$20 billion per

¹⁵ UNFCCC, *Reducing emissions from deforestation in developing countries: approaches to stimulate action. Draft conclusions proposed by the Chair*, 2008.

¹⁶ See UNFCCC, *Report of the Global Environment Facility on the elaboration of a strategic programme to scale up the level of investment in the transfer of environmentally sound technologies*, 2008.

¹⁷ See UNFCCC, *Developing performance indicators to monitor and evaluate the effectiveness of the implementation of the technology transfer framework. Interim report by the Chair of the Expert Group on Technology Transfer*, 2008; UNFCCC, *Identifying, analysing and assessing existing and potential new financing resources and relevant vehicles to support the development, deployment, diffusion and transfer of environmentally sound technologies Interim report by the Chair of the Expert Group on Technology Transfer*, 2008; and UNFCCC, *Developing a strategy paper for the long-term perspective beyond 2012, including sectoral approaches, to facilitate the development, deployment, diffusion and transfer of technologies under the Convention. Interim report by the Chair of the Expert Group on Technology Transfer*, 2008.

year. A proposal by the G77 and China established guiding principles to bring funding and technology to developing countries. These and other proposals remain on the table.

4.0 Moving Toward Copenhagen

The AWG-LCA and AWG-KP have agreed on work programs for 2009. Both bodies will meet in March/April, 2009 and June, 2009 in Bonn, Germany; in August/September, 2009 in Bangkok, Thailand; and December, 2009 in Copenhagen, Denmark. A fifth meeting of the AWGs will be scheduled in 2009 if needed.

The fifth session of the AWG-LCA will be held in Bonn in March 28 to April 8, 2009. Three in-session workshops will focus on: mitigation, including appropriate commitments by developed countries and appropriate actions in developing countries; economic and social consequences of response measures; and opportunities and challenges for mitigation in the agricultural sector. The seventh session of the AWG-KP will also be held at this time with an in-session workshop on potential consequences.

In preparation for the upcoming meetings, countries have been requested to submit views or information on a variety of subjects to the various bodies under the UNFCCC.¹⁸ The requested submissions and dates for the two AWGs are:

AWG-LCA

- content and form of the agreed outcome at COP 15 (prior to the sixth session in June);
- fulfillment of the BAP and the components of the agreed outcome to be adopted by the conference of the parties at its 15th session (February 6); and
- a negotiating text for consideration at the sixth session of the AWG-LCA (April 24).

AWG-KP

- improvements to emissions trading and the project based mechanism (February 6);
- legal implications arising from the work of the AWG-KP (February 15);
- consideration of the scale of emission reductions to be achieved by developed countries and of the allocation of the corresponding mitigation effort (February 15);
- consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to developed countries (February 15);
- definitions, modalities, rules and guidelines for the treatment of LULUCF in the second commitment period (February 15); and
- issues arising from the implementation of the work program (February 15).

¹⁸ More information is available in UNFCCC, *Message to the Parties: Early submission of information and views*, 2009.

Critical work remains for 2009 under the Bali roadmap. The AWG-LCA and AWG-KP will be developing formal negotiating text that must be communicated to countries at least six months prior to Copenhagen (by June, 2009).

Over 2009, the AWG-LCA will need to finalize an agreement on a shared vision and the four pillars of the BAP. Important negotiations topics include the global mid-term and long-term emission reduction goals, comparability of mitigation efforts by developed countries and MRV in the context of developing country mitigation actions. The discussions on financing will also need resolution, determining whether and what type of financing should be developed to support developing country actions including those related to mitigation (including REDD), adaptation and technology.

The AWG-KP has a clear objective for 2009: to agree on further commitments for developed countries after 2012. As noted, the U.S. is not part of the AWG-KP, although there are indications that the U.S. is planning to fully participate in the working group under the Obama administration. The U.S. wants to help shape these discussions even though it is not yet determined if it would join a revised version of the Kyoto Protocol. Without the engagement of the U.S., it is highly unlikely any agreement will be reached in the AWG-KP without it being substantively linked to negotiations under the AWG-LCA.

The position of the U.S. is a large factor in the negotiations. There are positive signs including the Obama administration using a number of policy levers to address climate change (for example, US\$80 billion of the stimulus package directed toward climate-change related initiatives, energy efficiency standards, and movement on a domestic cap-and-trade system). However, it will take time for the U.S. to develop its international climate negotiating positions. Plus there is no guarantee that this will be sorted out by Copenhagen, especially if the U.S. needs to have a detailed domestic implementation plan that helps drive international negotiating positions. China is also a critical player and success at Copenhagen could depend on the positions of these two countries.

Much work remains to be done over 2009 to reach an agreement in Copenhagen and country positions are only barely coming into focus. The tight timeframe and huge complexity of the negotiations mean there is a real risk that the final deal may not be reached in December, 2009 or that only a framework agreement will be agreed to in Copenhagen with much of the detail to be negotiated at a later date.

5.0 Glossary

AF – Adaptation Fund

The AF finances adaptation projects in developing countries that are particularly vulnerable to the adverse effects of climate change. The AF is financed by a 2 per cent levy on credits issued through CDM projects.

AWG-KP – Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol

This group, agreed to at COP 11 in Montreal in 2005, is discussing future commitments for industrialized countries under the Kyoto Protocol. Membership includes all countries that have ratified or approved the Kyoto Protocol. Most notably, the U.S. is not a member of this group.

AWG-LCA – Ad Hoc Working Group on Long-term Cooperative Action under the Convention

This group, formed under the BAP, is undertaking a dialogue to analyze approaches for long-term cooperative action to address climate change, including mitigation, adaptation, technology, and financing and investment. Membership includes all nations that have signed the UNFCCC.

Annex B Countries

These are developed nations, as well as countries in Central and Eastern Europe, that committed to emission reductions at Kyoto. “Annex” refers to an appendix to the Kyoto Protocol document. Canada is one of the Annex B countries. The U.S. has not ratified the Kyoto Protocol.

Annex I Countries

These are OECD countries (except for Mexico and South Korea) and those making the transition to a market economy, such as Russia and the former Eastern Bloc countries, that are signatories to the UNFCCC.

Anthropogenic Emissions

Greenhouse gas emissions that result from the activities of human beings, such as burning of fossil fuels.

BAP – Bali Action Plan

A decision of COP 13 in Bali, Indonesia that sets out a comprehensive process to enable the implementation of the UNFCCC through long-term cooperative action beyond 2012. The two-year process is expected to finalize a post-2012 regime by COP 15 in December, 2009 in Copenhagen,

Denmark.

CDM – Clean Development Mechanism

A market-based mechanism under the Kyoto Protocol where a project or program of activities to mitigate climate change in a developing country can generate credits (certified emission reductions – CERs) that can be used by an Annex I Party to help meet its GHG emissions reduction commitment.

COP – Conference of the Parties

An association of 192 countries that have ratified or approved the UNFCCC, which meet once a year to review the Convention's progress.

COP/MOP – Conference of the Parties/Conference of the Parties Acting as the Meeting of the Parties

The COP also acts as the meeting of the parties to the Kyoto Protocol. This group includes 183 countries and one economic region (EC) that have ratified or accepted the Kyoto Protocol. The U.S. participates in these meetings as an observer since it has not ratified the protocol.

International Emissions Trading

A market-based mechanism under the Kyoto Protocol that allows Annex B countries to buy and sell parts of each country's allowed emissions, which are divided into assigned amount units (AAUs). This increases the allowable emissions in the recipient country and reduces those of the seller country.

GHG – Greenhouse Gas

Gases that accumulate in the earth's atmosphere and trap heat contributing to the greenhouse effect. The six greenhouse gases covered under the Kyoto Protocol are CO₂, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

IPCC – Intergovernmental Panel on Climate Change

A body made up of the world's leading climate experts, established in 1988 by the UNEP and the World Meteorological Organization, to assess the scientific research on climate change and its environmental and economic impacts. Most notably the IPCC publishes at regular intervals Assessment Reports on the latest knowledge on climate change.

JI – Joint Implementation

An international project, involving joint action by Annex B countries, that results in a real, measurable reduction in net GHG emissions in a host country.

Kyoto Protocol

The protocol is an international agreement linked to the UNFCCC that sets binding targets for 37 industrialized countries and the EC for reducing GHG emissions. These targets amount to an average of 5 per cent from 1990 levels over the five-year period 2008-2012. The protocol was adopted in 1997 and entered into force in February 2005.

LULUCF – Land use, Land-use Change and Forestry

A greenhouse gas sector that covers emissions and removals of GHG emissions resulting from land use, land-use change and forestry activities that result from human activities. Examples of activities in the land-use sector include increasing removal and storage of carbon from the atmosphere by planting trees or introducing reduced-tillage agricultural practices or reducing emissions by curbing deforestation.

UNFCCC – United Nations Framework Convention on Climate Change

The agreement signed by 192 countries at the Earth Summit in Rio in June, 1992 under which climate change is monitored and addressed globally.

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