

**Information note for
COP18 to the UNFCCC and
CMP8 to the Kyoto Protocol**

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Following are the objectives for preparing this information note:

- To provide general updates and information about key issues of climate talks
- To make the delegates aware about the issues under discussion
- To identify key issues on climate change negotiation

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1. Introduction

1.1. Background: Nepal's engagement to UNFCCC

The UN Framework Convention on Climate Change (UNFCCC) aims to achieve the stabilisation of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner.

Nepal attended the meetings of the Inter-governmental Negotiating Committee, established by the UN General Assembly, to draft the Convention, including the adoption of the Convention on 9 May 1992 in New York. The then Hon'ble Minister of State for Forests and Soil Conservation signed the Convention during the *UN Conference on Environment and Development* in Rio de Janeiro on 12 June 1992. Nepal ratified the Convention on 2 May 1994 in accordance with the provisions of the Treaty Act, 1990. The Convention, as per its Article 23, entered into force in Nepal on 31 July 1994. As a Party, Nepal attended almost all technical and political sessions, including the third session of the Conference of the Parties (COP3) to the Convention in 1997 which adopted the Kyoto Protocol (KP). The KP provides provisions to reduce GHG emissions through emission trading, and/or carbon trade. Nepal deposited the instrument of accession to its Depository – the UN Secretary General – on 16 September 2005, and the KP, based on its Article 25, entered into force in Nepal on 14 December 2005. In the process of getting benefits from the KP, Ministry of Environment Science and Technology (MoEST) functions as the Designated National Authority for Clean Development Mechanism (Article 12 of the KP) as per the Government decision of 22 December 2005.

Nepal has been engaging in the climate change regime for over two decades. Before COP13, only two COPs were attended at ministerial level. Since 2008, Nepal's participation has been at ministerial level. The 2009 Copenhagen Climate Change Conference was participated by Heads of the Government, ministers, parliamentarians, secretaries, government officials and others. In terms of participation, the number of delegates has been increasing over the years and some have been attending different sessions regularly since 2007. Nepal has also made statements in a number of COPs during the high-level segment.

The then Right Hon'ble Prime Minister Mr. Madhav Kumar Nepal made a statement during the high-level segment of the Copenhagen Conference in 2009, and proposed, *inter alia*, to prioritise sustainable development and poverty alleviation with gender sensitivity, have an ambitious and legally binding deal on the Convention and Kyoto track and urged actions to limit global temperature increase to 1.5 degree Centigrade.

Being a Party to the Convention and the KP, Nepal has been implementing various activities related to managing climate change. These can be grouped into three distinct phases: (i) Phase I (14 years, 1992-2006); (ii) Phase II (3 years, 2007-2009); and (iii) Phase III (2 years 2010-2012). Nepal prepared the Initial National Communication and shared with Parties in 2004, and organised some awareness raising activities till 2006. During 2007-2009, Nepal accessed funding and initiated preparations of National Adaptation Programme of Action (NAPA) and Second National Communication (SNC), and also for Pilot Programme for Climate Resilience (PPCR), and Reducing Emissions from Deforestation and Forest Degradation (REDD) readiness activities. The meeting of the Cabinet at the foot of Mount Everest at Kalapatthar, regional conference from Kathmandu to Copenhagen, Summiters' Summit to Save the Himalayas in Copenhagen, and preparation of status paper for climate change negotiation were some notable activities. A Climate Change Network (CCN) was formed for coordination at functional level. In 2009, the Government constituted the Climate Change Council under the chairmanship of the Rt. Hon'ble Prime Minister for overall coordination and guidance. In other words, the second phase initiated a number of activities on climate change. The then Ministry of Environment (MoE) also entered into an agreement with 14 donors and development partners to access funding and implement climate change activities to address the adverse impacts of climate change.

The third phase was instrumental in enhancing the implementation of climate change activities in Nepal. The Government established Climate Change Management Division in MoEST in 2010 with three Sections and nine permanent officers, approved NAPA in 2010, and also approved the Climate Change Policy and National Framework on Local Adaptation Plan for Action (LAPA) in 2011. Funding for SREP, NAPA implementation climate negotiations and study on economic impact assessment of climate change in key sectors were secured during this phase from different sources. The Multi-stakeholder Climate Change Initiatives Coordination Committee (MCCICC) was established, replacing CCN (established in 2007), to promote and ensure coordination at functional level. The Government organised the 18th meeting of the LDC Expert Group in 2010, Global Workshop on Standardised Baselines, DNA Forum and CDM workshop for Asia and Pacific Region in 2011, and International Conference of Mountain Countries on Climate Change including awareness raising and capacity enhancing activities. Nepal also formed a Core Negotiating Team (CNT) to actively participate in the climate negotiations. Public awareness was sufficiently increased during the second and third stages

Nepal also represented the Asia and Pacific Region as the rapporteur for the Subsidiary Body for Scientific and Technological Advice (SBSTA), and in the Least Developed Country Expert Group (LEG). During this period, the visibility of Nepal increased substantially in the UNFCCC negotiations processes. The cumulative effect of these efforts made Nepal the Chair of the LDC Coordination Group for 2013 and 2014. In a nutshell, multiple avenues are now available to implement actions on climate adaptation, be visible in climate negotiations, and benefit from climate change regime.

Establishment and Functions of CNT

Taking into consideration for effective participation of Nepal's engagement to UNFCCC, the Core Negotiating Team (CNT) for UNFCCC was conceptualised, and the concept was approved by the Government in early 2012. The functions of CNT are as follows:

- Prepare nationally for UNFCCC negotiations, develop country status/negotiating positions taking into consideration the on-going negotiations in other Conventions (Montreal Protocol, Convention on Biological Diversity and UN Convention to Combat Desertification), as appropriate;
- Organise capacity enhancement activities
- Focus negotiation in thematic areas that benefit Nepal and raise the issue of climate change talks

In August 2012, MoEST formed a 17-member CNT; and organised orientation programme in September 2012 to orient and re-orient CNT members, as appropriate, on climate negotiation processes and practices.

Since 2005, Nepal has included persons working in non-governmental organisations in the Nepalese Delegation. This had mixed experience in climate negotiations. In general parlance, all persons included in the Nepalese Delegation must work for the benefit of Nepal and Nepali people and should not show the interest of their constituencies. Based on 2010 Cancun experiences, the Government formed the 'code of conduct' in 2011 for the members of the Nepalese Delegation. The CNT member should follow the same, as mentioned below:

- Don't put ideas and concerns that contradict with Nepal's policies, and participate in areas of own expertise;
- Obtain approval from the Head or Deputy Head of the Nepalese Delegation or coordinator of CNT before making formal statements, putting up ideas, concerns, and suggestions;
- Follow the code of conduct and maintain secrecy of negotiation;
- Generate financial resources for participation;
- Participate actively in preparatory meetings, and involve in other necessary works;
- Provide feedbacks immediately and submit a report to MoEST within seven days of arrival in the country (the report should contain issues raised in negotiations including suggestions for future direction);
- Participate in meetings, discussions and briefings organised by the Head of the Delegation during sessions, and provide suggestions; and
- Engage in other activities related to climate negotiations as per the instruction of the Head of the Delegation.

2. UNFCCC process and outstanding issues

2.1. UNFCCC negotiation process

On 9 May 1992, the world's governments adopted the UN Framework Convention on Climate Change. Since the Convention's entry into force, Parties have met annually in the **Conference of the Parties (COP)** to monitor its implementation and continue talks on how best to tackle climate change. The Conference of the Parties (COP) is the "supreme body" of the Convention, that is, its highest decision-making authority.

Five years later, on 11 December 1997, governments took a further step forwards and adopted the Kyoto Protocol. Building on the framework of the Convention, the Kyoto Protocol broke new ground with its legally-binding provisions on greenhouse gas emissions and innovative "mechanisms" aimed at cutting the cost of curbing emissions. The COP also serves as the meeting of the Parties to the Kyoto Protocol (**COP/MOP or CMP**) meets during the same period as the COP

The Convention established two permanent subsidiary bodies: the **Subsidiary Body for Scientific and Technological Advice (SBSTA)** and the **Subsidiary Body for Implementation (SBI)**. These bodies give advice to the COP and each has a specific mandate. As its name suggests, the SBSTA's task is to provide the COP with advice on scientific, technological and methodological matters. The SBI gives advice to the COP on all matters concerning the implementation of the Convention. The SBSTA and SBI work together on cross-cutting issues that touch on both their areas of expertise.

In addition to the SBSTA and the SBI, the COP may establish additional bodies as needed. Currently, it has established three ad-hoc working groups: In 2005, the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP) at its first meeting, established the **Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP)**. The aim of the AWG-KP is to discuss future commitments for industrialised countries under the Kyoto Protocol. The AWG-KP reports to the CMP. In 2010, the CMP, agreed that the AWG-KP shall aim to complete its work and have its results adopted by the CMP as early as possible and in time to ensure that there is no gap between the first and second commitment periods. In 2011, the CMP, at its seventh session, requests the AWG-KP to aim to deliver the results of its work in time to complete its work by the eighth session of the CMP.

The **Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA)** was established by decision 1/CP.13 (the Bali Action Plan) to conduct a comprehensive process to enable the full, effective and sustained implementation of the Convention through long-term cooperative action, in order to reach an agreed outcome to be presented to the Conference of the Parties (COP) for adoption. The COP, at its sixteenth session and at its seventeenth session, adopted decisions to extend the AWG-LCA for one more year in order for it to continue its work and reach the agreed outcome pursuant to decision 1/CP.13 (Bali Action Plan). Both the AWG-LCA and KP has to complete its task and report the COP and CMP respectively by the upcoming conference at Doha.

The **Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP)** was established by decision 1/CP.17 to develop a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties. The ADP is to complete its work as early as possible but no later than 2015 in order to adopt this protocol, legal instrument or agreed outcome with legal force at the twenty-first session of the Conference of the Parties and for it to come into effect and be implemented from 2020.

2.2. Outstanding issues and priorities

a) ADP: Ad-hoc Working Group on the Durban Platform for Enhanced Actions

The ADP was an outcome of COP 17 at Durban, South Africa. With consensus among Parties that the KP extends for a second commitment period (time frame yet to be agreed whether 5 or 8 years), Parties agreed to come up with a legally binding agreement in 2015 (COP 21) which would come into effect from 2020 that will be applicable to all Parties. Parties met in Bonn, in May 2012 during the SBI/SBSTA sessions to formalise the process of the ADP at its first session, but lack of timely adoption of the agenda item the ADP delayed the initiation of the process. Parties finally adopted the agenda item for ADP in Bonn and the process slightly moved forward in the Bangkok sessions in September 2012. The second part of the first session on the ADP will continue in COP 18, Doha in November 2012 which will have key agenda items that will focus discussion on vision and level of ambition. Despite consensus in COP 17 to close the AWG-LCA in COP 18, there is still no clarity as to what will happen due to issues still under discussions and not agreed.

With the AWG-LCA intended to close work in COP 18 in Doha, the ADP is currently working on two workstreams. The first workstream, addresses para 2 to 6 of decision 1/CP 17 that is about the form and function of the ADP - Pre- 2020 workstream and the second workstream, addresses para 7-8 that is mainly about raising the level of mitigation ambition- Post-2020 workstream. The Co-chairs have invited Parties to make submission under the 2 workstreams so as to how the ADP should progress both in form and function and raising the level of mitigation targets.

Thus the sessions under the ADP for COP 18 is expected to clarify workplans under the two work sessions to that ensure what are the ambitious short -term mitigations targets (pre- 2020) and what needs to be negotiated for the delivery of a treaty in 2015 (post-2020).

Equity: The issue of equity under the ADP is also a priority issue which is basically about how Differentiated Responsibilities) and CBDR-RC (Common But Differentiated Responsibilities and Respective Capabilities) will be discussed and debated. Parties need to discuss on how the carbon budget space needs to be shared equitably for the well-being of each and every individual in this planet while equitably sharing the costs for adaptation and mitigation.

b) Kyoto Protocol (KP)

The KP was adopted in 1997 at COP 3 and is the only document that is currently legally binding with regard to committed mitigation targets for Annex I Parties and 2008-2012 as the first commitment period; hence the debate was for an extension for a second commitment period beyond 2012. CMP to the Kyoto Protocol started in 2005. Parties have consensus for the second commitment period of the KP (KP-CP2) at CMP 7, however the duration of it to be 5 years (2013-2017) or 8 years (2013-2020) is yet to be negotiated. The importance of the KP is that it is also a source of revenue from carbon financing mainly CDM for adaptation under the Adaptation Fund while also implementing other flexible mechanisms (Emission trading schemes and Joint Implementation)

The KP deals on the following major issues:

- Numbers (Emission Reduction post 2012)
Parties agreed at Kyoto for reducing emissions by 5.2% as of a base year of 1990. Given the rise of emissions after the agreement (1997), developing country Parties now seek more ambitious targets from developed countries at post -2012 periods, both short and long-term. The debate on this issue is on targets and base year as to whether it should still be 1990 or as country-based.
- Potential Consequences (Socio-eco-environment consequences, tools, policy, rules)
This discussion focuses on the consequences of the emission reductions (some countries might be having social issues, some environment and some economic) and what are the policies, tools and rules that need to be set to be in place to realise the same given the concerns of Parties or the consequences that might be.

- **Markets (Emission trading- ETS, JI, CDM)**
This discussion is about the carbon markets and rules for the flexible mechanisms.
- **Land Use, Land Use Change and Forestry (LULUCF)**
This discussion about Land-Use Land Use Change and Forestry is to how emissions from developed countries from deforestation are accounted and what are the rules set for such accounting from land use change.
- **Basket of Issues (GHGs (hot-air), sectors & sources, metrics- CO₂eq, Methodological issues)**
This discussion is about the new GHG gases that need to be accounted for emissions followed by the metrics that must be used for accounting these emissions. This discussion also follows on the methodologies brought by the CDM-Executive Board and introducing new methodologies
- **Adaptation Fund**
This discussion is about the funds for adaptation for all developing countries (easy access and process).
- **Legal form**
This discussion is about the various issues of legal framework of the KP and its form for post-2012 periods.

The KP-CP 2 might continue immediately (but provisionally) after the first commitment period, but the issue is that some developed country Parties are looking forward to withdraw from it. Countries like Canada (reason probably: not meeting its commitment in the first commitment period) has already withdrawn, Russia (reason probably: carry-over of surplus AAUs, assigned amount units) and Japan (reason probably: economy and to bring other developing country Parties for GHGs emission reduction) have made statements to withdraw from the KP. Developing country Parties want its continuation because of provision for carbon markets and its legality to emissions reductions (which is still not ambitious though). If countries start withdrawing, the carbon markets will crash as there will be no buyers.

CMP 8 will focus on the length of the KP-CP2 as one of the most important issues followed by renewed targets and that was pledged in COP 15 in Copenhagen. The withdrawal of countries will definitely be of concern, as the demand for carbon offsetting will further have impacts on the carbon trading prices and its revenue generation for adaptation programmes as an important source of funding. CMP 8 should look for a second commitment period of five years followed by ambitious mitigations mid-term targets of 45% by 1990 levels from Annex 1 parties with no gap between the commitment periods.

The AWG-LCA consists of the following issues that were outlined in COP 13 in Bali Indonesia

c) Shared Vision

A Shared Vision is to have global goal to deal collectively with the problems of climate change. Thus the discussion under Shared Vision is driven by the science so as to consider the rise in global average temperature and the concentration of GHG gases in the atmosphere. Parties have yet not been able to have consensus on issues related to temperature limitations and concentrations on GHG gases in the atmosphere despite the fact as to what the science says; that with the current business as usual scenario emissions, the global average temperatures are heading towards a global average temperature rise of 4 degrees centigrade.

AWG-LCA

Parties should agree on a global vision to hold the global average temperatures rise by 1.5 to less than 2 degrees centigrade pre-industrial levels limiting the CO₂ concentration to 350ppm. Parties should also abide and be directed by what the science says. The IPCC 4th Assessment Report will be key in driving this debate and Parties will need to refer to it to have consensus. A key issue linked with the shared vision will also be equity and the peaking period and developing countries Parties will require a longer duration for the peaking period.

d) Mitigation

Mitigation is again divided under various issues under the AWG-LCA

- 1bi) ER by developed country Parties
- 1bii) ER by developing country Parties (NAMAs- Nationally Appropriate Mitigation Actions)

- 1biii) REDD+
- 1biv) Cooperative Sectoral Approaches-Bunkers, Agriculture, LULUCF
- 1bv) Market Mechanism
- 1bvi) Response measures
- 1bvii) Ways to strengthen the Catalytic Role of the Convention encouraging all sectors (civil society, NGOs, private, public) and multilateral bodies for an effective, coherent and integrated approach to mitigation while building on the synergies

1bi) Emissions Reduction by Developed Country Parties

The issues of taking up ambitious emission reductions by developed country Parties will be followed under this agenda. There will, however, be an overlap with the targets under the KP under the second commitment period.

Under AWG-LCA

The major issue under this discussion will be MRV of mitigation targets of developed country Parties as committed including QELROS (Quantified Emission Limitation Reduction Objectives) taking into account their comparability among the developed country Parties and based on the differences of their national circumstances.

Under the SBSTA

Methodological Guidance under the Convention:

- a. Work Programme on Common Tabular Format for developed country Parties on “UNFCCC Biennial Reporting Guidelines for Developed Countries:
Under the work programme, the discussion will be to set up a common electronic tabular format on the Biennial Reports from developed country Parties made under the guidelines mentioned above.
- b. Work Programme to review and revise guidelines for developed countries:
Under this work programme the discussion will follow to review and revise the guidelines for national communication reports, biennial reports and national GHG inventories of developed country Parties and subject the first biennial reports due in January 2014 for IARs (International Assessment and Review)

1bii) Emission Reductions by Developing Country Parties:

The issue of equity, CBDR, CBDR-RC again revolves around the issue for the mitigation responsibilities. Developed country Parties want developing country Parties to also take up the responsibility of mitigation that is legally binding given that there are many countries that are also responsible for GHG emissions. NAMAs is a tool that accounts for appropriate mitigation actions by developing country Parties in accordance to what has been reported in their respective National Communication Reports.

Under AWG-LCA

The major issue under NAMAs is the MRV (Monitoring, Reporting and Verifications). A registry has been opened under the UNFCCC for countries that are interested in developing NAMAs. Domestically supported NAMAs will be subject to domestic MRV while internationally supported MRV will be subject to international MRV in accordance to guidelines developed under the Convention.

Countries can also develop Low Carbon Development Strategies or Plans including LDCs in the context of sustainable development.

Under SBI

Registry Prototype: As negotiated under the AWG LCA under 1bii), Parties will discuss on the formulation of the registry to record the NAMAs. Parties will provide their views and feedback on the prototype proposed by the secretariat and the SBI discussions will facilitate the design of the registry.

International Consultations and Analysis (ICA): Composition, Modalities and Procedures of the team of experts: In line with the discussion of the registry design, the SBI will also look into the composition, modalities and procedures for appointing a team of experts under the ICA to look into MRV issues.

Under SBSTA

Methodological Guidance under the Convention:

- a. General guidelines for domestic MRV for domestically supported NAMAs:
NAMAs that are subject to international support will be subject to international MRV while those NAMAs prepared without international support will be subject to domestic MRV based on the guidelines discussed under this SBSTA agenda item.

1biii) REDD+

REDD+ has progressed significantly, but there are technical issues that need to be further discussed that have been forwarded as a SBSTA agenda item.

Under AWG LCA

The discussions under REDD+ have matured and a lot has been agreed and most of the issues that now need to be sorted out are technical issues under the SBSTA at the moment.

Under SBSTA

Methodological Guidance for activities under REDD+:

The first issue is developing a national forest monitoring system; the second issue is the modalities and guidelines for developing either a Forest Reference Level (FRL) and or a Forest Reference Emission Levels (FREL); the third issue is on guidelines for setting up a robust MRV system and the fourth is the safeguards.

Parties will need to provide clarity on the concepts of FRLs and FRELs and further discuss on the safeguards issues that will be nationally appropriate. On the MRV, the guidelines should be noted specifically how these relate to agreements at Durban on Biennial Update Reports (BURs) and International Consultation and Analysis (ICA).

Besides the issues above, an important issue under REDD+ will be to address the drivers of deforestation and forest degradation and the necessary financial resources required through various windows and mechanisms.

There must be a clear and transparent process that is nationally appropriate to deal with the issues mentioned above for its adoption by COP 19.

1biv) Cooperative Sectoral Approaches (CSA)

This looks into issues identified to enhance the implementation of the Convention under article 4 paragraph 1(c)

Under LCA

The discussion under CSA will look into a variety of issues like bunker fuels, agriculture and LULUCF designated under SBI and SBSTA. A debate is whether to include agriculture under mitigation or should it be dealt as an adaptation option.

Under SBSTA

Issues relating to Agriculture:

As stated above agriculture is now a controversial issue under the debate, but it is an important issue because food is necessary for life. Carbon financing under agriculture has now been ruled out as the debate on the issue will continue in Doha.

Emissions from fuel used for international Aviation and Maritime

The discussion under this will evolve on how to account emissions from various sectors not accounted under the KP.

1bv) Markets

The discussion under markets is again related to carbon financing and how the discussions under the LCA can be linked to the existing market mechanism and/or new market mechanisms so as to promote cost-effective ways for mitigation. This is under discussion under the AWG-LCA and is not a very controversial agenda.

1bvi) Response Measures

The response measures are basically the measures oil producing countries must take, taking into account their social and economic consequences

Under AWG-LCA

This discussion is a bargaining issue for OPEC countries in line with adaptation. As adaptation is necessary for vulnerable (*"another controversial word"*) countries, OPEC countries always add the issue of response measure with adaptation citing that they are vulnerable both from the impacts of climate change and response measures

Under SBI and SBSTA

Forum and work programme on the impact of response measures

This discussion is being jointly undertaken under SBI and SBSTA with initial submission and discussions to be made around

- i) Sharing expertise and positive and negative impacts of response measures
- ii) Relevant aspects of the implementation of decisions of 1/CP10, 1/CP13, 1CP/16 and Article 2 and 3 para 14 of the KP. All these decisions are around response measures
- iii) Building collective and individual learning towards a transition of a low GHG emitting society.

e) Adaptation

Adaptation is key area of interest for countries like Nepal. After the Bali Action Plan (BAP), agreed in COP 13, prioritised adaptation as one of the major building blocks, it has always been of much interest for developing countries. Adaptation is essential to addressing adverse impacts of climate change.

As the UNFCCC negotiation progressed, one of the key achievements has been the establishments of Cancun Adaptation Framework (CAF) under the Ad-hock Working Group on Long Term Cooperative Action (AWG-LCA) of the Convention. Agreed in Cancun, Mexico at the sixteenth COP, CAF's major objective is to enhance action on adaptation. Parties decided to establish Adaptation Committee, guidelines for preparing National Adaptation Plans (NAPs) and to advance the work on loss and damage (measures to tackle adverse climate impacts beyond adaptation).

Similarly, another important aspect of adaptation that is being discussed under the Subsidiary Body for Scientific and Technology Advise (SBSTA) is the Nairobi Work Programme (NWP). The objective of NWP is to help countries understand the impacts of climate change and vulnerability through study, sharing of experiences (case studies) and practices. There was potentiality for countries like Nepal to get engaged in this issue as COP 17 invited Parties and relevant organisations to submit their views on potential future areas of work on the Programme and Nepal duly made a submission on Mountain Agenda to include under the NWP.

Another crucial component is the preparation and implementation of National Adaptation Programme of Actions (NAPA). Nepal prepared its NAPA in 2010, shared with Parties through the UNFCCC Secretariat and developed and submitted proposals to access funding from the Least Developed Countries Fund (LDCF).

The following are some of the major agenda to be discussed in COP 18 and beyond under the adaptation theme.

Under AWG-LCA

As adaptation is strongly debated under the AWG-LCA, discussion to enhance action on adaptation will be of great priority. Major discussion will take place on the following topics:

- a. International cooperation to support urgent implementation of adaptation actions, including through vulnerability assessments, prioritisation of actions, financial needs assessments, capacity-building and response strategies, integration of adaptation actions into sectoral and national planning, specific projects and programmes, means to incentivise the implementation of adaptation actions, and other ways to enable climate-resilient development and reduce vulnerability of all 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;
- b. Risk management and risk reduction strategies, including risk sharing and transfer mechanisms such as insurance;
- c. Disaster reduction strategies and means to address loss and damage associated with climate change impacts in developing countries that are particularly vulnerable to the adverse effects of climate change;
- d. Economic diversification to build resilience of parties (especially the vulnerable and with least capacity).

Under SBI

- a) At the thirty-seventh session of SBI, matters relating to Article 4, paragraphs 8 and 9, of the Convention i.e. (a) Progress on the implementation of decision 1/CP.10; and (b) Matters relating to the Least Developed Countries will be on the agenda. Similarly, Parties will also hear on the report of the Adaptation Committee with discussion mainly dwelling on its composition, its progress to date and further guidance.
- b) National Adaptation Plans will be another key issue on the agenda. It will work on a process to enable Least Developed Country Parties to formulate and implement national adaptation plans, building upon their experience in preparing and implementing National Adaptation Programmes of Action (NAPA) and agreeing on modalities and guidelines for Least Developed Country Parties and other developing country Parties to employ the modalities formulated to support National Adaptation Plans.
- c) Issue of loss and damage will be of equal importance as approaches to address loss and damage associated with climate change impacts in developing countries Parties that are particularly vulnerable to the adverse effects of climate change to enhance adaptive capacity will be discussed and SBI may provide further guidance. This is related to the activities to be undertaken under the work programme as mandated by COP 16.

Under SABSTA

- a) Under the SABSTA, Nairobi Work Programme on impacts, vulnerability and adaptation to climate change will be reported and discussed. This is basically hearing on the experiences and sharing case studies by different country Parties and relevant organisations. Similarly, Parties will also hear on the report of the Adaptation Committee.

Others

COP in Doha also need to consider the issues related to adaptation that are not explicitly covered under the above negotiating bodies' agenda. And this is mainly related to the Adaptation Committee. COP should find ways to deal with means of implementation on adaptation (finance, technology and capacity building), establishing regional and international centers or strengthening where necessary, role of the COP in encouraging multilateral bodies, the public and private sectors and civil society in supporting adaptation in a coherent and integrated manner, etc.

f) Finance

Means of implementation, especially the financial part is imperative for tackling climate change in the developing countries. Since the capacity of countries to face and cope with the impacts of climate change varies disproportionately, whether it is mitigation or adaptation, finance play a crucial role. Article 4 of the convention

(UNFCCC) outlines the need for cooperation between the developed and developing countries and clearly indicates that the developed country Parties should support the developing country Parties in addressing climate change and meeting the objective of the convention.

As an obligation to support the developing country Parties various funds have been created under the Convention, as outlined in Article 11 of the Convention, Global Environment Facility (GEF) is entrusted as the operating entity of the financial mechanism, which is subject to review every four years. Financial mechanism is accountable to the COP. Similarly, Special Climate Change Fund (SCCF) and the Least Developed Countries Fund (LDCF) have been established and managed by the GEF.

Another key Fund established to support adaptation actions in developing countries is the Adaptation Fund (AF) under the Kyoto Protocol of the Convention. This fund is operated from the 2 percent levy on Clean Development Mechanism (CDM) projects. However, lately developed country Parties have also started making direct contribution to this Fund.

In 2010, during COP16 held in Cancun, Mexico, developed country Parties officially agreed to support the developing country Parties with USD 30 billion as fast start finance (2010 -2012) and increase the amount to USD 100 billion by 2020 (this was actually agreed at COP 15 in the Copenhagen Accord). As a result Green Climate Change Fund has been established to manage the funds. At COP 17, Parties decided to nominate Green Climate Fund (GCF) as the operating entity of the financial entity of the UNFCCC in order to mobilise long-term finance under the guidance of the Conference of Parties (COP).

The following are some of the major agenda to be discussed in COP 18 and beyond under the finance theme.

Under LCA

Under the LCA, discussion on enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation will be imperative. Some of the major agenda under this will be to:

- a. Improve access to adequate, predictable and sustainable financial resources and financial and technical support, and the provision of new and additional resources, including official and concessional funding for developing country Parties;
- b. Provide positive incentives for developing country Parties for the enhanced implementation of national mitigation strategies and adaptation action;
- c. Seek innovative means of funding to assist developing country Parties that are particularly vulnerable to the adverse impacts of climate change in meeting the cost of adaptation;
- d. Seek means to incentivise the implementation of adaptation actions on the basis of sustainable development policies;
- e. Mobilisation of public- and private-sector funding and investment, including facilitation of climate-friendly investment choices; and
- f. Financial and technical support for capacity-building in the assessment of the costs of adaptation in developing countries, in particular the most vulnerable ones, to aid in determining their financial needs.

Under SBI

At the thirty-seventh session of SBI finance will be an important agenda discussion on the review of the financial mechanism and Parties will hear on the report from the Global Environment Facility and provide additional guidance to the Global Environment Facility. Similarly, initial review of the Adaptation Fund under the Kyoto Protocol will also take place. Parties will provide further guidance to the Least Developed Countries Fund.

Others

Developed country Parties have reiterated their commitment to increase the fast start finance to developing country Parties by USD 100 billion per annum by 2020. However no commitment has been made as to how much will be provided from 2013 to 2020. The COP in Doha needs to find ways to agree on this, as the above negotiating bodies are not clear on this agenda.

g) Technology development and Transfer

Parties have taken decisions to promote the development and transfer of environmentally sound technologies at each session of the COP. At COP 4 (Buenos Aires, 1998), as part of the Buenos Aires Plan of Action that requested the Chairman of the SBSTA to establish a "consultative process" on technology transfer to enhance the implementation of Article 4.5 of the Convention. Three main periods can be identified: The Berlin mandate and work on other issues (COP 1 to COP 4), the Buenos Aires Plan of Action and the consultative process on technology transfer (COP 4 to COP 7), and the Marrakesh Accords and implementation of the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention (COP 7 to COP 12). At COP 10, a process was initiated to review the progress made and effectiveness in the implementation of this framework.

The COP, at its seventeenth session, agreed on arrangements to make the Technology Mechanism fully operational in 2012 that includes Technology Executive Committee (TEC) and Climate Technology Center and Network (CTCN). The COP17 also adopted the modalities and rules of procedure of the Technology Executive Committee and adopted the terms of reference of the Climate Technology Centre and Network.

The following issues under the technology transfer and development are to be addressed by the COP18 and further:

Under COP

Responding to the decision of COP17, the host for the Climate Technology Centre has to be selected by eighteenth session of the COP at Doha. Similarly, COP18 should endorse constitution and term of reference of the advisory board of the Climate Technology Center (CTN). The evaluation panel has shortlisted three proponents with UNEP-led consortium ranking as top list.

Under SBI/LCA/COP

The COP at its eighteenth session should discuss and decide on additional functions of the TEC and the CTCN that includes: TEC to examine effective mechanisms that promote access to affordable environmentally sound technologies reducing the burden due to the IPRs and recommend mechanisms which reward innovators and increase the dynamic of global innovation while helping developing country Parties and CTCN to provide advice and support, including capacity-building, on conduct of technology assessment of new and emerging technologies including technologies that meet the key low carbon and climate resilient development needs of Parties.

Others

The COP on its eighteenth session should provide guidance and clarity on reporting lines for the Technology mechanism, specifically including how it would report to the COP and the linkages of the bodies of the technology mechanism in the reporting structure including linkages between the Technology Mechanism and the various relevant bodies that are established under arrangements of LCA.

3. At the end

As discussed in the preceding sections, seven negotiation streams will be running concurrently at the Doha COP and CMP. That so many issues now need to be discussed in parallel is an indication of how Parties have managed to backload the negotiation process. Doha provides a unique opportunity to wrap up a large part of this backlog. From January 2013 all Parties need to focus on finalizing a comprehensive climate deal to be agreed by the end of 2015. The AWG LCA and AWG KP need successful closure so that negotiations for the 2015 climate regime can start from a solid footing and enjoy dedicated attention of all negotiators. Parties also need to agree on a clear work plan for the ADP to go forward. The extreme weather events point towards the urgency of global action to address climate change. It is our hope that the deserts of Qatar will remind negotiators of what we stand to lose, and leaders of their responsibility to lead the world to a greener future.

Annexes

Annex I: Submission by Nepal: Financial Mechanism of the Convention. LDCF

Financial Mechanism of the Convention. Least Developed Countries Fund (SBI)
Kathmandu, 31 July 2012

Nepal takes this opportunity to submit its views based on the experience of implementing the Least Developed Countries (LDCs) Work Programme, including the preparation and implementation of National Adaptation Programme of Action (NAPA), and accessing funds from the Least Developed Countries Fund (LDCF) as per Decision 5/CP.16 paragraph 5.

1. Nepal acknowledges that the Article 4.9 of the Convention calls on the Parties to take full account of the specific needs and special situations of LDCs in their actions with regard to funding and transfer of technology. The Conference of the Parties, at its seventh session, adopted a package of decisions (decisions 5/CP.7, 7/CP.7, 27/CP.7, 28/CP.7 and 29/CP.7) to support the LDCs in their adaptation actions to climate change. This included establishing LDCF to support the Least Developed Countries Work Programme, and to assist LDCs in carrying out, inter alia, the preparation and implementation of NAPAs.

2. Nepal requests the Global Environment Facility (GEF) acting as an operating entity of the financial mechanism of the Convention entrusted with managing the LDCF, to speed up its efforts in assisting LDCs through LDCF for implementing NAPAs.

3. As per decisions 5/CP.14 and 5/CP.16, and recognizing the draft conclusions of SBI 36 (FCCC/SBI/2012/L.14), GEF should support the implementation of all the elements of the Least Developed Countries Work Programme such as development and transfer of technology, public awareness programmes, training and research, strengthening the capacity of meteorological and hydrological services, and the climate change focal points in addition to the ongoing support in the implementation of NAPAs.

4. While appreciating the progress in voluntary financial contributions to the LDCF, as per decisions 8/CP.8, 3/CP.11 and 5/CP.14, Nepal urges Annex II Parties and other Parties included in Annex I that are in a position to do so, to support LDCs in the implementation of the Least Developed Countries Work Programme including the implementation of NAPAs by making generous contributions to the LDCF.

5. While implementing NAPA, Nepal has experienced several issues that need to be addressed, e.g., the condition of co-financing for adaptation actions from LDC Fund; the complex process for accessing the fund; and the lengthy communication process required for achieving collaboration among Parties, GEF and GEF Implementing Agencies (IAs). Taking into consideration decision 8/CP.8 para. 2, GEF, including its IAs, should speed up the process, remove the co-financing clause, and ensure quick release and disbursement of funds. Similarly, GEF should take necessary decisions to encourage its IAs to take a fast-start approach to support LDCs in a time-bound implementation of NAPA.

6. Since climate change has adversely affected our ecosystems, particularly the fragile mountains and glaciers, this has put immense burden on our people, their livelihoods and the development process as a whole. Nepal emphasises the need for adequate funding, in addition to the Official Development Assistance, to implement the actions identified by NAPA. We further register our concerns to speed up the NAPA process by taking consideration of paragraph 1 of decision 9/CP.17 and provide information to the LDCs to clarify project baseline. We reiterate the need for simplifying the application process for accessing the LDC Fund.

7. Nepal suggests that GEF should conduct a study to analyse the existing provisions of service charge provided to its IAs in particular for NAPA implementation purposes, and take necessary decision so as to provide more funding to climate vulnerable communities to meet their urgent and immediate adaptation needs.

8. Nepal has witnessed several difficulties while submitting project proposal for NAPA implementation and accessing funds from LDCF. Nepal is of the view that GEF should consider revisiting its decisions regarding its supporting practices to the LDCs. GEF should also honour the prioritised country-driven proposals (spelled out in the NAPA document) submitted for funding through the LDCF. Nepal equally underscores the importance of developing a direct communication between GEF and the concerned Party in case of any confusion during the proposal review process.

9. After the development of NAPA, Nepal has come up with an innovative local planning process called the Local Adaptation Plan of Action (LAPA). The LAPA process provides opportunities to assess site-specific climate vulnerabilities, identify adaptation options, and implement the urgent and immediate adaptation actions with the participation of local communities and households. Nepal is now ready to implement these local adaptation plans in some areas of the country, and we would be happy to share our experiences as we make progress with the implementation of LAPAs. Nepal would like to take this opportunity to request funding for such innovative and country-driven activities so as to enable the vulnerable communities and households to adapt to the adverse impacts of climate change.

Annex II: Submission by Nepal: NWP on Impacts, Vulnerability and Adaptation to Climate Change

17 September, 2012 Kathmandu

NWP on Impacts, Vulnerability and Adaptation to Climate Change (SBSTA)
View on Potential Future Areas of Work of the NWP

Recognizing the specific needs of countries having fragile ecosystems, including mountain ecosystems as per Article 4, paragraph 8 of the Convention, Nepal takes this opportunity to submit its views on potential future areas of work of the Nairobi Work Programme (NWP) as per paragraph 2 of decision 6/CP.17. In this regard, Nepal also recalls paragraphs 210– 212 of The Future We Want, the outcome of Rio+20 Conference, that recognises the importance of mountains and calls for greater efforts and international support for sustainable mountain development in developing countries.

Mountain ecosystems provide vital goods and essential ecosystem services. They play a crucial role in water, food and energy nexus as the world's 'water towers' and biodiversity hotspots. Mountain watersheds serve as the source of water to more than 50% of world's population and support the livelihoods and food security of billions of people. Despite the significant role that the mountain ecosystems play and given their high fragility, the mountain agenda has not been addressed adequately in the international environmental agreements and negotiations including the UNFCCC COPs. The Prime Minister of Nepal, during COP-15 at Copenhagen, called upon all the mountain countries and stakeholders to come together to form a common platform to ensure due attention to mountain concerns associated with climate change in international deliberations.

As a follow up to this, the Government of Nepal launched the Mountain Initiative (MI) in 2010 in order to provide a framework within which mountain countries and international institutions working on mountain issues could collaborate for achieving greater recognition of the critical role of mountain ecosystems. The objectives of the MI are:

- Mobilizing meaningful support and ensuring solidarity to achieve the goal of sustainable development of mountain ecosystem, mountain people and their livelihoods
- Filling the knowledge gaps and better communicating the anticipated impacts of climate change on mountains to global community
- Analyzing and documenting specific climate change scenarios and impacts on the mountains as well as surrounding plains
- Documenting best practices and data and information about local knowledge and adaptation activities, and sharing this with national and international stakeholders

In line with the above, the Government of Nepal also organised an International Conference of Mountain Countries on Climate Change on 5–6 April 2012 in Kathmandu. The conference brought together participants from 30 mountain countries and was successful in adopting the Kathmandu Call for Action (KCA) to carry forward the Mountain Initiative

(MI). Having established a MI Unit within the Ministry of Environment, Science and Technology, the Government of Nepal is now in the process of formulating the global work programme as well as the national action plan to implement the MI. In this connection, we recognise the need for a dedicated fund to move the mountain initiative forward.

Considering the above mentioned facts, Nepal would like to submit the following view:

1. While appreciating the activities undertaken within the NWP, and considering the increasing vulnerability and climate adaptation needs of mountain ecosystems, Nepal is of the view that the mountain ecosystems and mountain communities including indigenous peoples and marginalised communities, especially women, need particular attention while framing adaptation programmes through the international convention processes. In this regard, Nepal proposes to establish Mountain Ecosystems and Climate Change as a potential new area of work under the NWP.

2. This area of work should address the concerns specific to mountain ecosystems and its people in relation to the impacts, vulnerability and adaptation to climate change. This new area of work will also provide insights to integrate community and ecosystem-based adaptation while ensuring a sustained supply of goods and services to the people living in the downstream areas.

3. The new area of work should be guided by the existing tools, modalities and methodologies under the NWP.

Annex III: Types of documents

- **/INF.x** denotes an Information document. These documents are not translated and are available in the original language of issue.
- **/MISC.x** denotes a Miscellaneous document. These documents are not translated and are issued on plain paper with no United Nations masthead. In the UNFCCC process, submissions by Parties are normally issued as miscellaneous documents.
- **/Add.x** indicates an Addendum (addition of text) to a previously issued document. The other components of the symbol are identical to those of the parent document.
- **/Rev.x** indicates a Revision (a new text) superseding a previously issued document. A revision replaces the original document, which is then removed from the archives and from the UNFCCC web site.
- **/Corr.x** denotes a Corrigendum document. It contains a modification of a specific part of an existing document to correct errors, revise wording or reorganise text. The language and the components of the symbol are identical to those of the parent document.
- **/TP.x** denotes a technical paper.
- **/L.x** denotes a limited distribution document. These documents usually translated. The distribution in hard copy is limited to those likely to be immediately interested in the work of the body concerned (but these documents are usually also available on the UNFCCC web site).
- **/CRP.x** denotes a conference room paper. These are in-session documents containing new proposals or outcomes of in-session work, and are intended for use only during the session. The distribution in hard copy is limited to those likely to be immediately interested in the work of the body concerned (but these documents are usually also available on the UNFCCC web site).

Annex IV: Abbreviations

AAU	Assigned amount unit
ADP	Ad Hoc Working Group on Durban Platform for Enhanced Action
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
BURs	Durban on Biennial Update Reports
CBDR/RC	Common but Differentiated Responsibilities and Respective Capabilities
CDM	Clean Development Mechanism
CER	Certified emission reductions
CMP	Conference of Parties serving as meeting of Parties (COP/MOP)
CNT	Core Negotiating Team
COP	Conference of Parties
CSA	Cooperative Sectoral Approaches
CTCN	Climate Technology Center and Network
ETS	Emission Trading System
FREL	Forest Reference Emission Levels
FRL	Forest Reference Level
G77	Group of 77 (G-77) and China
GCF	Green Climate Fund
GEF	Global Environment Facility
GHGs	Greenhouse gases
ICA	International Consultation and Analysis
JI	Joint Implementation
LDC	Least Developed Country Parties
LDCF	Least Developed Countries Fund
LEG	Least Developed Country Expert Group
LULUCF	Land use, land-use change and forestry
MRV	Measurable Reportable and Verifiable
NAMAs	Nationally Appropriate Mitigation Actions
NAP	National Adaptation Plans
NAPA	National Adaptation Programmes of Action
NWP	Nairobi Work Programme
PPCR	Pilot Project on Climate Resilience
QELROs	Quantified Emissions Limitation and Reduction Commitments
REDD	Reducing Emissions from Deforestation and Forest Degradation
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SCCF	Special Climate Change Fund
SNC	Second National Communication
TEC	Technology Executive Committee
UNFCCC	United Nations Framework Convention on Climate Change