

UNFCCC COP19: Major negotiation issues for Nepal

An Information note for Nepali participants

October 2013

ABOUT THIS INFORMATION NOTE

This information note is developed to assist the Nepali participants attending 19th Conference of Parties (COP 19) meeting of the United Nations Framework Convention on Climate Change (UNFCCC) in Warsaw, Poland. This note is also expected to be helpful to other individuals and organizations working on climate change in Nepal.

This information note is a product of number of consultations held on major thematic issues to be discussed at the UNFCCC negotiation. Climate Change Management Division (CCMD) at the Ministry of Science, Technology and Environment (MoSTE) facilitated the consultation and compilation of this document. Key people involved were:

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INTRODUCTION

Nineteenth Conference of Parties (COP19) of the UN Framework Convention on Climate Change (UNFCCC) is being held in Warsaw, Poland from 11th – 22nd November 2013. Like every year, 195 countries will attend the conference to be joined by several thousand participants from civil society, private sector and media. This COP is considered as one of the major milestones to reaching an international climate deal in 2015.

In Warsaw, major negotiations are expected to take place under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). ADP was established at COP17 in 2011 with an objective to agree on a post 2020 new deal and raise the mitigation ambition in the short run. Equity will be one of the hard nuts to crack, as a huge difference lie in the interpretation by the developed and developing countries on the this term.

There is a high expectation from COP19 on pledging and mobilizing climate finance for developing countries. Climate finance is urgent for Nepal and other LDC countries. Developed countries have failed to keep their promise of scaling up climate finance and agreeing to a road map in order to mobilize USD100 billion per year by 2020. Without an agreement on this, deal in 2015 is unlikely.

Lack of adequate finance will impede the implementation of adaptation and mitigation actions in the developing countries. Should the NAPA and NAPs implementation speed up, the issue co-financing, additionality and direct access resolved, Nepal will continue to benefit from the UNFCCC process on adaptation. But the lack of adequate action is already bringing many parts of the world to the state of loss and damage. Focusing on establishing an international mechanism at the COP would help address the issue and support vulnerable countries. Nepal should underscore the urgency of reducing impacts of climate change on agriculture sector to ensure food security. Agriculture agenda should focus mainly on climate adaptation for LDCs.

In the present context, the world is already observing GHG concentrations of 400ppm mark in the atmosphere, hence, mitigation is very crucial. Developed countries should raise their pre-2020 target to peak emission by 2015 (25% to 40% below 1990 levels) in order to keep global warming below 1.5 degree Celsius and not plunge into deep crisis of climate change. If this doesn't happen, the biggest sufferers will be the poor countries.

REDD plus is one of the aspects of mitigation but the conservation of forests should showcase benefits of both mitigation and adaptation and also support beyond UNFCCC to the goal of UNCBD, UNCCD and MDGs. Similarly, when the developing countries step up to shoulder the responsibility of developed countries on mitigation through the development of Low Emission Development strategy, they should be supported with adequate finance and technology to meet the needs of sustainable development.

For both adaptation and mitigation actions, appropriate technology development and transfer should be the key priority and the barrier to free technology transfer from the developed world to the developing world should be removed and provide special consideration to LDCs.

Capacity building of the poor and vulnerable developing countries such as LDCs deserves a special attention – enhancing technical, institutional and governance capacity. However, it should not be a stand-alone issue but be integrated as a major component of a programme or a project cycle, only then it can serve the purpose. Overall, climate change agreement should help address poverty, build resilience and support sustainable development in poor developing countries like Nepal.

1. Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP)

BACKGROUND

The negotiations in UNFCCC are held under several negotiating bodies. Of them, for example the Subsidiary Body for Scientific and Technological Advice (SBSTA) and The Subsidiary Body for Implementation (SBI) are permanent, while others such as the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA), The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) existed for a limited time. The AWG-LCA was established in 2007 by COP 13 to take forward negotiations related to the Bali Action Plan (decision 1/CP.13). AWG-KP was established to consider new emission reduction targets for developed countries for the second commitment period of Kyoto Protocol. Both AWG-LCA and AWG-KP were terminated in COP 18 in Doha in 2012.

In December 2011, COP 17 established the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). This subsidiary body of UNFCCC is tasked with coming up with a new future agreement that will take the form of “a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties” (decision 1/CP.17 [14]). These negotiations are to be completed no later than 2015, with the result to come into effect from 2020.

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|---------------------------------|---|
| mandate | to develop <u>a protocol, another legal instrument or an agreed outcome with legal force</u> under the Convention applicable to all Parties |
| draft text to be made available | by May 2015 |
| adoption | 21st session of the Conference of the Parties (COP) to be held in Paris, France in 2015 |
| come into effect | come into effect and to be implemented from 2020 |

COP 17 also launched a work plan on enhancing mitigation ambition to identify and to explore options for a range of actions that can close the ambition gap with a view to ensuring the highest possible mitigation efforts by all Parties.

ADP on its first session in 2012 adopted the agenda and initiate work under two workstreams:

- **Workstream I:** Dealing with the 2015 agreement for a post 2020 regime, and
- **Workstream II** Dealing with the work plan for enhancing pre-2020 mitigation ambition with the view to close the emission gap.

KEY ISSUES

Workstream I

- ADP should ensure that greenhouse gas emission would be limited to a “safe” level and keep the global warming below 1.5°C based on 1990 level.
- ADP should decide on the legal form of the new protocol. In accordance with the decision 1/CP.17, the 2015 agreement could establish one of following three legal options: 1. A new protocol, 2. Another legal instrument, and 3. An agreed outcome with legal force. The best option for Nepal and LDC is the new legally binding protocol.
- The new Protocol should cover all elements, i.e. mitigation, adaptation, finance, technology development and transfer, capacity building, and transparency of action and support.

- Developed country parties should agree to provide developing countries with adequate financial support for responding to the impacts of climate change. It is paramount to scaling-up of the mobilisation, provision and effective delivery of committed financial resources for the period beyond 2020, developed Parties have a goal to jointly mobilize the USD 100billion a year by 2020.
- Under this agreement developed countries should also commit to provide technological assistance and support capacity building actions in the vulnerable and poor countries like LDCs.
- ADP should work on sharing responsibility for reducing emissions among all Parties in a manner that is fair and equitable to all Parties.
- Establish contact groups for ADP workstreams and initiate the concrete discussions in this process to further the work formally.

Workstream II

- Annex I parties should show political commitment, leadership and willingness to explore a range of options to increase the level of ambition for the pre-2020 period with all Parties contributing to this global effort.
- Address the pre-2020 mitigation ambition gap by putting in place:(1) Low emission development opportunities,(2) Opportunities for mitigation and adaptation related to land use and (3) Building on a practical and results-oriented approach to increasing pre-2020 ambition.
- Developed country parties should also provide technological and financial assistance to the developing countries in order to enhance climate action.

2. Equity in the context on UNFCCC negotiation

BACKGROUND

The United Nations Framework Convention on Climate Change (UNFCCC) entered into force with a clear principle of 'Common But Differentiated Responsibilities (CBDR)' and equity. Article 3(1) of the Convention mentions the issue as: "The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities". And its introduction has stated "the largest share of historical and current global emissions of greenhouse gases has originated in developed countries" justifying the special obligation defined in Article 4 (2) (a), of developed countries to take lead to reduce emissions of greenhouse gases through specified targets set up by the Convention. It is noteworthy to mention that issues of equity was also addressed indirectly in 1972 Stockholm Conference and was one of the major principles (7 and 9) of Rio Declaration on Environment and Development (1992).

The principles of 'equity' and CBDR-RC are broad and subject to different interpretations. Annex I countries expect emerging economies such as China, India and Brazil to take on certain obligations to limit their emissions. Whether this is a departure from the original principles of equity and CBDRRC is one of the contested issues in the current negotiations.

Equity is usually perceived as a political issue thus always falling outside the traditional domains of thorough hard science. Developed countries have always tried to bring developing countries into some legally binding obligations to act to reduce GHG's and are still claiming that there should be assurance from the developing countries about when and how they would start assuming greater responsibilities as developing countries are likely to be primary emitters soon. Though equity seems to be an agenda of difference between developed and developing countries, there are differences among the group members within G-77 and China (largest group of countries in the negotiation). The differences on interpreting equity differed within G77 and China after four countries (Brazil, South Africa, India and China started to act as a strong group in the negotiation afterCoP-15.

Least Developed Countries (LDC) Group and Small Island Developing States (SIDS) and other similar groups have reiterated that the equity is at the heart of negotiations. They are clear that developed nations have to take the lead on cutting GHG emissions minding their historical responsibility. While developed countries have not denied their important role to tackle the problem, they have always tried to bring developing countries into some legally binding obligations to act to reduce GHG's and seek assurance from the developing countries about when and how they would start assuming their responsibilities.

After Kyoto, the major progress in climate negotiations was observed in Bali (CoP-13), which identified CBDR as relevant in achieving international cooperation on long-term basis for emission reduction. In Bali, it was decided to consider 'nationally appropriate mitigation actions (NAMAs)' for developing countries as an effort to balance the opinion of developed and developing countries regarding CBDR or equity. NAMAs call developing countries to move towards mitigation by reducing their GHG emissions on a voluntary basis. Equity still remains a tough issue in the negotiations but a major twist came in 2011 when the CoP-17 didn't mention CBDR or equity in the decisions under UNFCCC for the first time in two decades of climate change negotiations.

KEY ISSUES

- The sharing of responsibilities under the international climate change regime should not be determined by politics. Instead the principles of equity and justice that underline CBDR-RC should guide the negotiations.
- Keeping the possibility of limiting global average temperature to 1.5 degrees open, the parties should agree to stay within a global carbon budget that is plausibly consistent with the agreed goal.
- Differences in perceptions about what constitutes equitable distributions of efforts complicate any agreement.
- Rigid definition of equity should be in place to have fair, ambitious and legally binding global agreement by 2015.
- Least Developed Countries by no means should bear the brunt of climate change in the bargain between the developed and developing countries over the issues of equity that has hindered climate negotiations from reaching into conclusions.
- Broader and result -oriented discussions over equity issues should be conducted in CoP-19 in order to draw conclusions for the expected 2015 agreement
- Equity within the UNFCCC has used GHG emissions as the preferred equity however equity shouldn't be limited only into the mitigation as it has wide application on other issues like decision making processes, equitable access to development, supporting adaptation actions, etc.

3. Finance

BACKGROUND

Climate Finance is one of the major negotiating issues under the United Framework Convention on Climate Change (UNFCCC). It refers to finance channelled by developed countries through national, regional and international entities for climate change mitigation and adaptation programs in the developing countries. Climate finance focuses on areas such as climate adaptation, transition towards low-carbon development pathways and climate-resilient development.

UNFCCC clearly states that developed country Parties should provide new and additional financial resources to assist developing country parties taking into account the principle of Common but Differentiated Responsibility and Respective Capabilities (CBDRRC). Article 4.9 of the Convention gives special preference to the financial need of the LDC countries to combat climate change.

Different funds have been created under the UNFCCC to provide funding to the developing countries but they are still empty pots. Major financial mechanisms are: (1) Least Developed Countries Fund (LDCF), (2) Special Climate Change Fund (SCCF), (3) Adaptation Fund (AF), and (4) Green Climate Fund (GCF). All these funds are crucial for LDCs.

The COP 16 in Cancun, in 2010, reaffirmed the collective commitment made by the developed country parties at COP 15 to provide USD30 billion as the 'first start finance' from 2010 to 2012 and scale up this amount to USD100 billion by 2020. This commitment also reaffirmed that funding for adaptation will be prioritized for the most vulnerable developing countries, such as the Least Developed Countries, Small Island Developing States and Africa. Fast-Start Finance ended in 2012 with very little new and additional money and since then no medium term funding has been pledged. The funding mechanisms under the UNFCCC still remain underfunded and the Green Climate Fund is also an empty pot.

KEY ISSUES

- The developed countries should raise their finance ambition and pledge into various funds under the UNFCCC. This support should be available in the short- medium- and long- term. They should spell out the road map on how the finance will be mobilized for the period until 2020 and scaling up the amount to US\$100 billion per year thereafter.
- The major sources of climate finance should be public funding, especially for adaptation, ensuring adequacy, predictability and sustainability of the funds. Innovative sources can also contribute partly to ensure the sufficiency of the funds.
- Prioritising the poorest and least developed countries like Nepal is crucial for implementation of projects. Expediting of fund flow for NAPA and NAPs is urgent need.
- Balanced allocation of finance on adaptation and mitigation is necessary and at least 50% of finance should be allocated for adaptation.
- Climate finance should be additional to Overseas Development Assistance (ODA) as tackling climate change is an additional burden to poor developing countries. This additional finance should be transparent and robust mechanism for monitoring, reporting and verification should be in place.

- Provision of loan on climate finance especially on adaptation should not be considered under any funding mechanisms.

Least Developed Countries Fund

- Developed countries should commit adequate funds for the implementation of the NAPA in the LDC Countries. The provision of co-financing should be completely exempted.
- LDC should be financially supported to start the National Adaptation Plans (NAP) process.
- The provision for direct access should be opened in the LDC fund, rather than only going through the GEF implementing agencies.
- Aviation levy should be agreed and link to the LDC Fund as a predictable and perennial source to support these group of vulnerable countries.

Adaptation Fund

- The fund should ease the National Implementing Entity (NIE) accreditation process of poor and with low capacity countries like LDCs. It should further support the capacity building (technical and institutional) of LDC's accredited entities.
- Clarity should be provided on the future of this fund as to how the fund will be sustainable and have a predictable source.
- Establishing the linkage between the Adaptation Fund, UNFCCC (COP) and GCF is necessary.

Green Climate Fund

GCF is expected to channel the mid and long term finance on climate change. It is yet to come into operation. Modalities and sources of finance are still being negotiated. The fund should consider:

- Starting pledging money into the fund by developed country parties.
- Operationalization of the GCF and defining its linkages to LDCF and AF for the long term funding.
- The provision of direct access by the countries should be applied
- A separate LDC window should be created to support adaptation and low carbon development strategy in the LDCs.

4. Adaptation

BACKGROUND

Article 4.9 of the convention states that 'the Parties shall take full account of the specific needs and special situations of the least developed countries (LDCs) in their actions with regard to funding and transfer of technology'. LDCs, though having insignificant level of GHGs (greenhouse gases) emissions have to prepare themselves to adapt to the adverse effects and impacts of climate change. Several decisions have been taken at different sessions on addressing adaptation at the Conference of the Parties (COPs) meetings and is increasingly receiving attention in the UNFCCC negotiation processes.

At its seventh session in 2001 parties made a package of decisions related to LDC Work Programme, establishment of the LDC Fund and LDC Expert Group (LEG), and NAPA preparation guidelines (Decisions 5, 7, 27 and 28/CP.7). The LDCF provides funding and LEG supports for the preparation and implementation of NAPA – the means for implementing climate change adaptation activities – in the LDCs. The Bali Action Plan (BAP) in 2007 (Decision 1/CP.13) decided to prioritise enhanced action on adaptation as one of the major pillars. In 2010, Parties recognised the urgency of addressing climate change impacts and established the Cancun Adaptation Framework. Furthermore, Parties established a process to enable LDC Parties to formulate and implement national adaptation plans (NAPs) for mid and long term adaptation needs.

As many LDCs have prepared and started implementing NAPAs, climate change negotiation on adaptation has shifted from most urgent and immediate adaptation needs to medium- and long-term adaptation needs. The COP17 focused on NAPs and agreed on its objectives of reducing vulnerability to the impacts of climate change. The Doha Climate Change Conference in 2012 decided to continue the work of the COPs, SBs and other bodies to enhance action on adaptation (Decision 1/CP.18, para 55).

Many of the LDCs have secured funding from the LDC Fund, bilateral and multilaterals to implement NAPA prioritised adaptation actions. The SCCF and AF have no or low support to LDCs and the GCF is yet to come to operation.

KEY ISSUES

1. **Funding Gap:** Implementation of NAPA prioritised adaptation actions in LDCs require more than USD 2 billion whereas replenishment of the LDCF or other funds within the Convention regime is extremely slow and low. Gap between pledging and disbursement of funds by the developed country is an issue that should be addressed. Nepal in close cooperation with other LDCs should advocate for bridging the funding gap, primarily on LDCF as it could be accessed only by the LDCs. Increasing fund for LDC is crucial.
2. **Co-financing:** The GEF operated funding requires co-financing or the baseline to access funds for climate change adaptation actions. It is necessary to advocate for avoiding the provision for co-financing in the spirit of the Article 4.9 of the Convention, which obliges the developed country Parties to provide technology and financial resources to the LDCs, without any pre-condition.

3. **Additionality:** In order to access funding for adaptation activities, LDCs have been demanded to prove that the impacts are from climate change, i.e., it is additional. It is difficult to prove 'additionality' due to lack of data, hence, this provision should be exempted for LDCs taking into consideration the historical emissions and the global responsibilities to support LDCs.
4. **Direct Access:** There is no provision for direct access on LDCF and SCCF and the provision that exists in the Adaptation Fund is also difficult due to stringent condition of accrediting the National Implementing Entity (NIE). The accreditation procedures for the LDCs should be simple, easy and 'trust building' on fiduciary risk. Nepal should advocate for direct access on LDCF rather than the fund being channelled through the implementing agency.
5. **Complex Process:** Accessing funding from the established funds under the Convention regime is complex and lengthy. Once, a Party approaches for funding through the Implementing Agency, it may take over two years for the decision and disbursement to take place. LDCs need immediate response to cope with the existing and unforeseen impacts of weather events caused by climate change, through immediate implementation of adaptation actions on the ground and this support should be 'fast tracked'. GEF should be encouraged to speed up its decision making and fund disbursement process.
6. **Lowering Service Charge:** Experience indicates that the service charge taken by the GEF Implementing Agencies are relatively high for the implementation of the adaptation activities in the LDCs. As it is related to dealing with the poor people of the LDCs, GEF should be requested to revisit its 'service charge' provision. Halving the 'existing service charges' and contributing to the project implementation should be advocated.
7. **Support for NAPA and NAP Implementation:** As Technical Guidelines and funding decision for the NAP process are in place, LDCs may wish to engage in the NAP process to identify medium- and long-term adaptation needs and integrate climate change adaptation into sectoral development policies, programmes and projects. Nepal should raise issues for developing a NAP document and ensure perennial funding source for the implementation of NAPs.
8. **Capacity Building:** Capacity building of LDCs is urgent. Realising the outcomes of the National Capacity Needs Self-Assessment initiative for three Rio Conventions conducted in 2008, Nepal continues to stand on the integration of capacity building component on each thematic area such as adaptation, mitigation, technology development and transfer, and finance (to access and utilisation of funding), Nepal should emphasise on the need for support to build and/or enhance capacity as an integral part of very support.
9. **Promoting Actions and Research:** LDCs are implementing few adaptation projects and documenting the experiences of what worked well and what didn't is yet to be done and shared. There is need for expanded ground level actions on adaptation and promote action research as an integral part of the NAPA implementation process to generate and share practical knowledge and skills.

5. Loss and Damage

BACKGROUND

In the recent years, increasing climate-induced disasters are damaging the physical properties and claiming lives and property of the people in the LDCs. These damages are incurred beyond the capacity to adapt attracting intense negotiation at the climate talks in order to address it. Under the enhanced action on adaptation of the Bali Action Plan, Parties urged to consider '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' (Decision 1/CP.13). It also called for 'considering risk sharing, and transfer mechanisms such as insurance.' This provided a basis to furthering discussion, collection of views and ideas, and starting negotiation on loss and damage, in particular issues related to 'risk management and insurance'.

The COP16 (Cancun Adaptation Framework) established the work programme to consider approaches to address loss and damage associated with climate change impacts (Decision 1/CP.16) and requested SBI to agree on activities to be undertaken under this work programme.

Parties in Durban (COP 17) identified three thematic areas: (i) assessing the risk of loss and damage associated with the adverse effects of climate change and the current knowledge on the same; (ii) a range of approaches to address loss and damage associated with the effects of climate change, including impacts related to extreme weather events and slow onset events, taking into consideration experience at all levels; and (iii) the role of the Convention in enhancing the implementation of approaches to address loss and damage associated with the adverse effects of climate change (Decision 7/CP.17).

Parties in Doha COP18 agreed the need for a comprehensive, inclusive and strategic response measures to address loss and damage associated with the adverse effects of climate change (Decision 3/CP.18, para 4) and also agreed, *inter alia*, on enhancing knowledge and understanding of comprehensive risk management approaches, strengthening dialogue, and enhancing action and support, including finance, technology and capacity building to address issues related to loss and damage associated with the adverse effects of climate change (para 5). Parties decided to establish in COP19 international arrangements, such as an international mechanism, including functions and modalities to address loss and damage (para 9). This encourages COP19 to focus on nature and scope of international mechanism to deal with loss and damage.

KEY ISSUES

In general understanding, when adaptation does not provide required results or is insufficient to address the adverse effects of climate change, next step is to focus on damage and loss. In this context, discussion on adaptation should be separated from loss and damage, and separate discussion and negotiation should be focussed on 'loss and damage after adaptation' to look after the 'residual impacts.'

The following issues deserve attention to streamline discussion, providing views and ideas on loss and damage.

1. **Insurance premium:** Several sectors including agriculture are increasingly vulnerable to the adverse effects of climate change. A mechanism should be developed to support the officially categorised poor people who depend on agriculture and/or other sectors as livelihood options. This mechanism (might be a fund or project) should be supported from the developed country Parties. Parties may wish to develop national mechanism for insurance mechanism, based on their national circumstances, also taking into consideration the decisions of the Parties.
2. **Tools and methods:** Researchers and scientists may use several tools and methods for assessment of loss and damage. However, when loss and damage is related to 'liability' and 'compensation', it might be useful to identify and use internationally accepted or Parties decided tools and methods for assessment and cost calculation of loss and damage related to the adverse effects of climate change.
3. **Preparedness, response and rehabilitation:** Climate-induced disasters will continue to occur as preventive measures might be inadequate associated with low level of knowledge, information, and skill to address loss and damage. Dealing with nature is equally complex as prediction on extreme weather events-related loss and damage is difficult. Climate vulnerable communities should be informed and supported to avoid losses. Annex 1 Parties should provide both technical and financial support.
4. **Piloting loss and damage:** Parties should make preferential decision to support the LDCs to address effects of loss and damage. A facility such as insurance or compensation mechanism could be developed for this. Piloting should be initiated in several ecosystems including mountain ecosystems to understand the nature, scope and limitation of loss and damage.
5. **Capacity Building:** Nepal underscores the importance of capacity building on loss and damage, as a matter of high priority, particularly in understanding and using tools and methods to know economic and non-economic losses.
6. **Compensation and Relocation:** International mechanism should equally consider the potentiality of 'compensation and relocation of the climate victims'. As a starting point, the proposed piloting might help to generate knowledge and options, and 'willingness' of the climate vulnerable communities in particular.
7. **Nature, functions and modalities of the international mechanism:** Parties are expected to decide on the international mechanism, including functions and modalities to address loss and damage at its 19th session (COP19). The international mechanism could have several options.

6. Agriculture

BACKGROUND

Many LDCs, including Nepal are agrarian and have subsistence agriculture economy. Almost all climate change related reports mention the severe impacts of climate change in agriculture sector and/or GHGs emissions from cultivation/farming of water-loving plants (paddy) and livestock. Agriculture fields and livestock sector emit GHGs, particularly the methane. As developing countries and LDCs heavily depend upon agriculture for subsistence living, this sector could be looked into from both mitigation and adaptation perspectives.

As an LDC, Nepal has no legal commitment to reduce GHGs emissions. However, it has the moral responsibility to move towards low GHGs emission development path but without compromising agriculture production and with clear understanding on climate adaptation in the agriculture sector.

Article 4, para 1 (c) of the Convention particularly mentions agriculture and the need to contain emission from this sector. The Bali Action Plan urged Parties to address 'cooperative sectoral approaches and sector-specific actions, in order to enhance implementation referring to the same article of the Convention (Decision 1/CP.13). In order to promote discussion and negotiation on agriculture, COP17 discussed agriculture under the agenda item 'cooperative sectoral approaches and sector-specific actions' (Decision 2/CP.17).

Agriculture was also an issue of discussion at the Doha Climate Talks (COP18) in the 37th session of SBSTA. However, no consensus was reached and the issue was referred for further consideration at the 38th session of the SBSTA. Since no consensus was reached, the secretariat will further organise an in-session workshop at the 39th session and prepare a report. Review of these decisions clearly indicates that there is need for bringing clarity on the issue and to crystallise it, which is likely to take some time and have a compromised position.

KEY ISSUES

As an agrarian country and LDC, Nepal should clearly advocate for climate adaptation in the agriculture sector. It should refrain indicating any GHGs emissions reduction interest from agriculture and livestock sectors. With this in perspective, Nepal should focus on the following:

1. **Study and Research:** LDCs should be supported on assessing the impacts of climate change on agriculture sector, and document the state of scientific, technological and socio-economic knowledge, including indigenous knowledge and practices to adapt to the adverse impacts of climate change. Parties and competent professional and research institutions should conduct studies to understand the nature of projected impacts of climate change on agriculture and food security in the LDCs.
2. **Development of tools and methods:** Parties and competent global, regional and national institutions should be encouraged in developing tools and methods that provide realistic and dependable data and information at different landscapes/ecosystems, including the mountains. Also, developing tools, methods and models to support the downscaling of climate data and forecasting to minimize impacts of weather-induced events (early warning system) in agriculture sector is necessary. Furthermore, emphasis should be given to

develop technologies, and ensure preferential transfer of adaptation technologies to LDCs on agriculture.

3. **Capacity building:** Poor people mostly in rural areas largely depend on subsistence agriculture (crop production and livestock rearing) and urgently require support mechanisms. To address this, capacity enhancement should be initiated and strengthened with country-specific research on the impacts of climate change on agriculture and food security. Hence, Parties should especially focus on assessing and developing the capacity of LDC researchers. Also build capacity of the farmers on climate adaptation related to agriculture and food security.
4. **Technical papers:** As scientific information is lacking, countries dependent on agricultural and facing increased adverse effects should be supported through the preparation and sharing of technical papers on the impacts of climate change on agriculture and food security - at national, regional and global level. Compilation of good practices including appropriate technologies on climate adaptation in agriculture sectors would be an added value for LDCs.
5. **Work Programme on Agriculture:** Establishment of the work programme on agriculture would provide a basis for continued discussion, sharing of ideas and views, and taking decision on the impacts of climate change on agriculture and food security. The work programme should focus on research and studies, knowledge generation and sharing innovative, new and additional support to LDCs in research, technologies development and transfer, and implementation of activities related to adaptation in the agriculture sector.

7. Mitigation

BACKGROUND

Climate change negotiations began in 1994 with the objective to stabilize green house gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. The negotiations saw a breakthrough in 1997 at COP 3 in Kyoto, Japan when the Kyoto Protocol was agreed that would mandatorily require Annex 1 parties or developed countries to reduce their emissions. However, one of the major developed countries, USA, did not ratify the Kyoto Protocol.

Having an ambitious mitigation target is one of the most contentious issues. Due to the rapid economic development across the globe, the atmosphere already has an exponential rise in GHG concentrations hitting the 400ppm mark.

Thus mitigation is running parallel under 3 tracks: (a) Kyoto Protocol, (b) Bali Action Plan: AWG LCA (closed, and discussions ongoing under SBSTA and SBI) and, (c) Durban Platform: The new discussion on-going under the ADP.

The KP is the only legally binding agreement under the negotiations for emissions reductions commitments. The Kyoto Protocol lasts for another (second) commitment period of 8 years (2013-2020) with the level of ambition raised to 18%, but countries like Canada, Russia and Japan have opted out. The KP has flexible mechanism, carbon markets and LULUCF (Land Use Land Use Change and Forestry) to support mitigation.

Similarly, Bali Action Plan identified 6 aspects of mitigation that were (i) Emissions Reductions by developed countries, (ii) Emissions Reductions by developing parties, (iii) REDD+, (iv) Cooperative Sectoral Approaches- Bunkers, Agriculture, LULUCF, (v) Market Mechanism and , (vi) Response measures

The discussion under ADP was initiated in COP 18 in Doha, the ADP looks into two workstreams - Workstream 1- Post 2020 climate deal and Workstream 2 – Pre 2020 ambition. The discussion under these two workstreams is that how countries should look into the different timeframes and put forth ambitious emission reduction target on the table.

KEY ISSUES

- Nepal is an agricultural and poor country hence adaptation is more important than mitigation. However, it should continually raise the issue of mitigation, as without an ambitious mitigation target adaptation is difficult.
- Nepal should reason that global emission should peak by 2015 in order to keep global warming below 1.5 degree Celsius.
- Mitigation ambition must be raised by the developed countries both in the short -and long-term. They should immediately increase the pre 2020 ambition to meet the 25 to 40% target below 1990 levels and should not lose sight of 80% by 2050.
- Carbon markets are already crashing with very low demand for carbon credits.
- Irregularities in CDM projects are leading to more stringent requirements.
- Lack of capacity and resources to develop CDM projects.
- Time consuming process and high upfront and administrative costs for CDM projects.
- Social and technical issues to implement REDD+.
- Lack of understanding on market and non- market based mechanism.
- The ADP discussions should not re-invent the wheel rather build on the past agreement like Bali Action Plan.

8. Reducing Emission from Deforestation and Forest Degradation (REDD)

BACKGROUND

REDD plus initially started as RED (Reducing Emission from Deforestation in Developing Countries) in COP 11, in Montreal and moved to REDD (Reducing Emissions from Deforestation and Forest Degradation in Developing Countries) in COP 13 in Bali. This debate on the nomenclature to save forests and to save the climate ended agreeing with REDD+ in COP 15 in Copenhagen, which now stands for reducing emissions from:(a) Deforestation, (b) Forest Degradation and(c) the “+” relates to conservation of carbon stocks, sustainable management of forests and enhancement of carbon stocks.

With REDD+, the forestry sector has become an important sector to help mitigate GHG gases. REDD, earlier involved natural forests only citing other management regimes under business as usual scenarios are already conserving or sustaining forests so there was no need to incorporate those forests under such management regimes; but REDD+ now looks into various aspects to save forests holistically by including all management regimes.

At COP 18 in Doha, the decisions called for a sigh of relief; with only a few more issues to be agreed under REDD+ under SBSTA and SBI. However, the full agreement is yet to take place. REDD+ for its full and effective implementation needs to look into both social and technical issues. With issues like national and subnational approaches solved, the major issues that need further discussions for agreement are: (1)National Forest Monitoring System (NFMS), (2) MRV, (3) Reference Level, (4)Drivers of deforestation and forest degradation, (5)Safeguards, (6) Non Market Mechanism, (7) Non-carbon benefits, and (8) Finance for REDD.

KEY ISSUES

- REDD+ negotiation has already taken more time than expected. It was expected to start post readiness preparedness by 2012, but with new issues emerging every now and then the implementation of REDD+ is yet to see the light of the day.
- The safeguard principles should adhere and respect the rights of local and indigenous communities to access forest and not prohibited utilizing forest resources.
- The conservation of forests should showcase benefits of both mitigation and adaptation.
- Conserving forests should help meet other national biodiversity targets and goals and commitments to conventions beyond the UNFCCC like CBD and UNCCD and international goals of MDGs.
- Capacity building of the national institutions and enhance required human and technical knowledge to help implement REDD plus and support it's objective.
- Adequate finance should be available to implement the components of REDD+ like drivers of deforestation and forest degradation and MRV.

9. Low Emission Development Strategy (LEDS)

BACKGROUND

The European Union initially put forward the proposal to introduce Low Emission Development Strategy (LEDS) in 2008. LEDS was proposed in the UNFCCC climate negotiations at COP 15 in Copenhagen. Decision 2/CP.15 considered low-emission development strategy indispensable to sustainable development and emphasized that developing countries, especially those with low emitting economies should be provided incentives to continue to develop on a low emission pathway. COP16 recalled the need to provide incentives in support of low-emission development strategies.

COP17 and COP 18 requested/invited developed country Parties to submit information related to progress towards the formulation of their low-emission development strategies and developing country Parties were encouraged to develop low-emission development strategies, recognizing the need for financial and technical support by developed country Parties for the formulation of these strategies. COP 17 reaffirmed that social and economic development and poverty eradication are the first and overriding priorities of developing country Parties, and that a low-emission development strategy is central to sustainable development. COP 18 also requested the Secretariat, at the request of interested developing country Parties, where appropriate, in collaboration with intergovernmental organizations as well as the relevant bodies under the Convention, to organize regional technical workshops and to prepare technical material to build capacity in the preparation, submission and implementation of nationally appropriate mitigation actions as well as in the formulation of low emission development strategies.

The mission of the Climate Technology Centre and Network (CTCN) is also linked to enhancing low emissions and climate-resilient development. The Green Climate Fund (GCF) has also been expected, in the context of sustainable development, to promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.

KEY ISSUES

- Lowering emission is not a priority of Least Developed Countries (LCEDS) rather sustainable economic development and adaptation is more important. However, LEDS is generally linked with Nationally Appropriate Mitigation Action and mainly focuses on mitigation.
- The scope and approach of NAMA including MRV system should be different in the context of LDCs like Nepal. LEDS in LDCs should be more about climate compatible development, which consider both adaptation and mitigation.
- Non market mechanism also can be considered under the framework of LEDS.
- Financing, technology transfer and capacity building support from developed countries is required to follow low emission path in the course of economic development.
- Care must be taken to ensure that LEDS do not impose an external influence on the direction of economic development or reduce sovereignty in national planning.

10. Technology Development and Transfer

BACKGROUND

The history of technology development and transfer is relatively long, as it has been highlighted in Agenda 21 for the first time. Agenda 21 focuses on the transfer of environmentally sound technologies (ESTs), technology cooperation and capacity building, which provides a basis for most of the early decisions on the development and transfer of technologies under the climate change Convention.

Article 4.5 of the UNFCCC urges developed country Parties and Annex II Parties to take all practicable steps to promote, facilitate and finance the transfer of, or access to, environmentally sound technologies and know-how to other Parties, particularly to developing countries, to enable them to implement the provisions of the Convention. Since 1994, at each session of the COP, Parties have taken decisions on the development and transfer of environmentally sound technologies (ESTs).

Some milestones can be identified in the evolution of the issue of the development and transfer of ESTs over time. The framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention, also referred to as the technology transfer framework, was adopted as part of the Marrakesh Accords. Negotiations at COP 13 resulted in the adoption of the Bali Action Plan, which established the AWG-LCA with a mandate to focus on key elements of long term cooperation, including technology transfer. As part of the Cancun Agreements a Technology Mechanism was established at COP 16 comprising a Technology Executive Committee (TEC) and a Climate Technology Centre and Network (CTCN) to facilitate the implementation of enhanced action on technology development and transfer to support action on mitigation and adaptation in order to achieve the full implementation of the Convention under the guidance of COP. In Doha, UNEP was elected as the host of the Climate Technology Centre. Parties also agreed on the constitution of the Advisory Board to the CTCN, thereby making the Technology Mechanism fully operational.

The Conference of the Parties, at its 18th session, invited Parties to nominate their national designated entities (NDEs) for the development and transfer of technologies in order to facilitate the operationalization of the Climate Technology Centre and Network (CTCN). Further, Subsidiary for Scientific and Technological Advice (SBSTA) in its thirty-eight session welcomed the nominations by parties of their national designated entities (NDEs). The SBSTA underlined the essential role of the NDEs in the operationalization of the CTCN and encouraged parties that have not yet nominated their NDEs to urgently communicate their nominations through their national focal points to the Secretariat.

KEY ISSUES

- Technology development and transfer should be the key priority to adapt and mitigate the impacts of climate change with adequate financial support. Further the priority should be to the barrier of free technology transfer and not technology export-import. Public- private partnership is crucial in technology development and transfer.
- Priority should be given to LDCs, easy and direct access, short and simple procedure should be in place.
- Support NAPA implementation with appropriate adaptation technologies.
- LEDS implementation should be prioritised (technology that increase synergy between adaptation and mitigation).
- Develop modalities and procedures of the CTCN and its Advisory Board.
- Capacity building to enhance national ability and institutional capacity to participate in the technology transfer and conduct technology research and development.

11.Capacity Building

BACKGROUND

Capacity building has been an important part of the UNFCCC negotiating process. In order to address climate change in a meaningful way, genuine effort is required from all countries. Some countries have to focus their efforts on cutting greenhouse gas emissions while others have to focus on adapting to climate change impacts. But not all countries have the same capacity to combat climate change –knowledge, skills, tools, scientific expertise and know-how differs.

In the UNFCCC process, capacity building is about enhancing the ability of developing countries and countries with economies in transition to identify, plan and implement ways to mitigate and adapt to climate change.

Capacity building under the Convention and its Kyoto Protocol takes place on three levels – (1)Individual level: developing educational, training and awareness raising activities;(2)Institutional level: fostering cooperation between organizations and sectors, as well as the development of organizations and institutions, including their missions, mandates, cultures, structures, competencies, and human and financial resources; and (3)Systemic level: creating enabling environments through economic and regulatory policies and the accountability frameworks in which institutions and individuals operate.

Although there is no “one size fits all” formula for capacity building, it must always be country-driven, addressing the specific needs and conditions of countries and reflecting their sustainable development strategies, priorities and initiatives.

In 2001, the Conference of the Parties adopted two frameworks (decisions 2/CP.7 and 3/CP.7.) that address the needs, conditions and priorities of developing countries and countries with economies in transition. The frameworks provide a set of guiding principles and approaches to capacity building.

Similarly, in 2005, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) decided that the capacity-building frameworks were also applicable to the implementation of the Kyoto Protocol. The CMP endorsed these frameworks to guide capacity-building activities under the Kyoto Protocol in developing countries and countries with economies in transition.

In 2009, capacity building was introduced in the AWG-LCA negotiating process. This marked the start of talks that would result in the establishment of the Durban Forum on Capacity-building. In 2011 (COP17), Parties decided on the Forum that meet once a year during the UNFCCC negotiating sessions and allow for the participation of all stakeholders in the process.

KEY ISSUES

- Encourage the appointment of a "Focal point" for Article 6 (Education, training and public awareness) of the Convention in all developing countries.
- Capacity building should not be a stand-alone issue, but should be integrated as a major component of a programme or a project.

- Supporting and strengthening national focal point and strengthening the Designated National Authority (DNA) are important.
- Lack of public awareness and education is still a main bottle neck for mainstreaming of climate change in developing countries particularly the LDCs. There is need to enhance support in this area.
- A simple training workshop is not effective in term of capacity building. There is a need to have an integrated mechanism of capacity building through various mechanisms at different levels.
- A dedicated resource should be allocated for capacity building; especially for the support of LDCs that are in urgent need.
- A concrete system for monitoring and evaluation of capacity building activities should be in place.
- The new protocol should acknowledge all the issues prioritized by Bali Road Map including the capacity building on an equal footing.
- There is a need of capacity building for understanding and implementing the various issues under Convention.