GOVERNMENT OF NEPAL
MINISTRY OF SCIENCE, TECHNOLOGY AND ENVIRONMENT

Key Issues for Nepal
COP21/CMP11
UNFCCC Climate Change Conference

30 November – 11 December 2015
Paris, France

November 2015

COP21 Key Issues Drafting Process

Lead Institution:
Government of Nepal
Ministry of Science, Technology and Environment (MoSTE)

Technical Support:
Prakriti Resources Centre (PRC)

Pre-Meetings in preparation for the draft:
7 August 2015- Preparatory meeting with MoSTE, PRC and Supporting Partners
17 September 2015- Meeting of Thematic Expert Group and contributors
12 October 2015- Thematic consultation on Climate Finance in Hotel Himalaya, Lailitpur
5 November 2015- Thematic consultation on ADP, Adaptation and Loss & Damage, Mitigation and REDD+ and Technology and Capacity Building in MoSTE
6 November 2015 –MCCICC meeting and sharing organised by MoSTE
9 November 2015 – Consultation on Climate Change: Expectations from COP21/CMP11, Yellow Pagoda Hotel, Katipath, Kathmandu

Lead Team:
Dr. Krishna Chandra Paudel, Secretary, MoSTE
Mr. Ram Prasad Lamsal, Joint Secretary, MoSTE
Mr. Naresh Sharma, Under Secretary, MoSTE

Thematic Expert Group, Lead and Contributing Authors:
i) **ADP** - Manjeet Dhakal, Ramesh Bhusal, Jony Mainly, Avishek Shrestha
ii) **Adaptation and Loss & Damage**- Batu Krishna Uprety, Sandeep Chamling Rai, Aarjan Dixit, Basanta Paudel
iii) **Mitigation & REDD+** - Ugan Manandhar, Raju Laudari, Dilraj Khanal, Sanot Adhikari, Tunga Rai
iv) **Finance** - Raju Pandit Chhetri, Sunil Acharya, Dipesh Chapagain
v) **Technology and Capacity Building** - Rishikesh Ram Bhandary, KritiShrestha

Supporting Partners:
CARE Nepal (Hariyo Ban), Dan Chruch Aid Nepal, Oxfam in Nepal, Plan Nepal, Practical Action Nepal, WWF Nepal

Contents

Introduction

Climate change is one of the most burning issues the world is facing today. The impacts are worsening while communities across the world are taking actions to adapt to the adverse impacts and reduce green house gas emission. However, collective action required to avoid run away climate change is still far from what the scientific evidence suggests. The United Nations Framework Convention on Climate Change (UNFCCC) is organizing its twenty-first session of the Conference of Parties (COP21)in Paris, France from 30 November 2015 to 11 December 2015. This COP is the most important juncture in the history of the UNFCCC since its adoption in 1992 where the Parties need to deliver an international agreement to respond to the climate crisis. Failure to agree on such a global deal will lead to catastrophic consequences where the vulnerable countries like Least Developed Countries (LDC) and low lying developing island states will suffer the most. The Paris conference will have to agree to limit the global average temperature rise to 1.5 °C based on pre industrial levels as indicated by science and demanded by the most vulnerable countries, including Nepal.

As a party to the UNFCCC and Kyoto Protocol, Nepal has been actively engaged in the negotiation process. It successfully led the group of LDCs under the Convention in the years 2013 and 2014 and continues to play an active role to meet its national and LDC interest.

Nepal has contributed negligible amount of green house gas emissions but is among the most vulnerable countries to the impacts of climate change. In response to the national needs and international commitments, Nepal is making robust efforts to combat climate change through policy formulation, institutional strengthening, programme development and project implementation. Nepal formulated Climate Change Policy (2011), which is under implementation. In 2010, Nepal prepared National Adaptation Programme of Action (NAPA) to support and help communities adapt to the immediate and urgent impacts of climate change. To implement NAPA, Nepal has prepared a national framework for Local Adaptation Plan for Action (LAPA). Nepal constantly draws attention of the international community to the impacts of climate change in mountain regions and is calling for more collaborative partnership. The country has introduced Climate Change Budget Code in the national budget, which tracks climate change relevant spending. Nepal has now initiated the National Adaptation Plan (NAP) process to address medium and long term adaptation needs. It is also finalizing Low Carbon Economic Development Strategy (LCEDS) and National REDD+ strategy.

As climate change is a global problem, solutions will also have to be found at the global level. It is very crucial for a small and vulnerable country like Nepal that COP21 becomes successful. In Paris, the parties must ensure that the previous commitments are met with greater ambition.

The following sections in this document outline various issues under climate negotiation in COP21 and key issues of concern or key ask for Nepal.

History of UNFCCC

Timeline	Milestones and Progress
November 1988	IPCC Established
November 1990	IPCC and Second World Climate Conference Call for Global Treaty
December 1990	UN General Assembly Negotiations on a Framework Convention Begin
May 1992	UNFCC text is adopted at the United Nations Headquarters in New York
June 1992	UNFCCC Opened for Signature at Rio Earth Summit

March 21, 1994	UNFCCC Enters into Force
April 1995	First Conference of the Parties (COP 1) in Berlin. The Berlin Mandate establishes a process to negotiate strengthened commitments for developed countries, thus laying the groundwork for the Kyoto Protocol
December 11, 1997	Kyoto Protocol Adopted.
November 2001	COP7 results in Marrakesh Accords, setting stage for ratification of Kyoto Protocol
February 16, 2005	Kyoto Protocol Enters into Force
December 2005	Following the entry into force of the Kyoto Protocol earlier in the year, COP 11 for the first time is held in conjunction with the first session of the Conference of the Parties serving as the Meeting of the Parties (CMP 1) to the Kyoto Protocol in Montreal.
November 2006	At COP12 held in Nairobi, Kenya, the Subsidiary Body for Scientific and Technological Advice SBSTA is mandated to undertake a programme to address impacts, vulnerability and adaptation to climate change - the Nairobi Work Programme. NWP activities are ongoing.
December 2007	COP13 adopts the Bali Road Map, including the Bali Action Plan, charting the course for a new negotiating process to address climate change. The Plan has five main categories: shared vision, mitigation, adaptation, technology and financing.
December 2008	COP14 in Poznan, Poland, delivers important steps towards assisting developing countries, including the launch of the Adaptation Fund under the Kyoto Protocol and the Poznan Strategic Programme on Technology Transfer
December 2009	World leaders gather for COP15 in Copenhagen, Denmark, which produced the Copenhagen Accord. Developed countries pledge up to USD 30 billion in fast-start finance for the period 2010-2012 and to scale up climate finance up to USD100 billion per by year by 2020
December 2010	COP16 results in the Cancun Agreements, a comprehensive package by governments to assist developing nations in dealing with climate change. The Green Climate Fund, the Technology Mechanism and the Cancun Adaptation Framework are established
December 2011	At COP17 in Durban, South Africa, governments commit to a new universal climate change agreement by 2015 for the period beyond 2020, leading to the launch of the Ad Hoc Working Group on the Durban Platform for Enhanced Action or ADP
December 2012	At COP18 in Doha, Qatar, governments agree to speedily work toward a universal climate change agreement by 2015 and to find ways to scale up efforts before 2020 beyond existing pledges to curb emissions. They also adopt the Doha Amendment, launching a second commitment period of the Kyoto Protocol
November 2013	COP19 in Warsaw, Poland produces the Warsaw Outcomes, including a rulebook for reducing emissions from deforestation and forest degradation and a mechanism to address loss and damage caused by long-term climate change impacts
September 2014	UN Secretary-General's Climate Summit in New York, to mobilize action and ambition on climate change in advance of COP 21 in Paris in 2015
December 2014	COP20 in Lima, Lima Call for Actions
December 2015	COP21, Paris, France

Ad-Hoc Working Group on Durban Platform for Enchained Action (ADP)

After the failure of the Copenhagen climate conference (COP15) to produce an international treaty and the struggle to rescue the multilateral climate regime in Cancun (2010), negotiators in Durban (2011) adopted a decision to form a new legal agreement "applicable to all Parties" to be adopted in Paris in 2015 and to be implemented from 2020 onwards. To this end, the COP17 launched a new platform of negotiations under the Convention, the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP). The ADP is composed of two workstreams: a) Workstream 1 focuses on the 2015 agreement, and b) Workstream 2 concentrates on emission reductions before 2020.

Workstream 2 – Pre-2020 Actions:

The Durban climate change conference (COP17) in 2011 acknowledged the urgent need to step-up global action to cut greenhouse gas emissions before 2020 to address the gap between current emission pledges and the reductions needed to keep global warming below 2°C or 1.5 °C above pre-industrial levels. It also launched a work plan to increase the mitigation ambition through a wide range of actions, to close the gap of the ambition levels through NAMAs (Nationally Appropriate Mitigation Actions).ADP Workstream 2 (WS2) refers to actions before 2020 without legally binding targets. WS2 identifies and explores 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.

The current pledges from parties to reduce emissions by 2020 are not sufficient to meet the 2 °C goal and are far behind in achieving 1.5 °C. The UNEP Emissions Gap Report (2014) found that there is a need for additional reductions between 8 and 10 billion tonnes of carbon dioxide equivalent by 2020. The report also found that there is much untapped potential to reduce emissions at a relatively low cost. The findings of the IPCC AR5 highlight the need for urgent action to close the gap by tapping into this potential.In response to this, Parties have moved to the technical examination to identify mitigation opportunities for raising pre-2020 ambition. This technical process aims to examine effective emission reduction policies, barriers to their implementation and scaling-up, incentives and feasible options for support.

The Lima Conference (COP19, 2014) decided to continue the technical examination of opportunities with high mitigation potential, including associated adaptation, health and sustainable development co-benefits during 2015-2020 and requested the secretariat to organize a series of in-session technical expert meetings. Under WS2 parties must accelerate the technical examination of actions with high mitigation potentials with a view to implement these actions as early as possible in areas identified to close the emission gap. The ratification of Doha amendments of the Kyoto Protocol (Second commitment period of the Kyoto Protocol) by all Parties is equally important to raise the profile of activities under WS2.

WS2 is vital for Nepal, because if the biggest emitters keep on increasing their emission in the period of pre-2020,than the chances to limit temperature increase to 1.5 °C will be difficult, which means Nepal's average temperature would be far higher than expected, because the country's average temperature rise is higher than the global average.

Key Issues

- Calls for political commitment, leadership and willingness from all parties, and particularly countries with highest capacity and emissions should explore a range of options to increase the level of ambition on mitigation and adaptation for the pre-2020 period with all parties contributing to this global effort.

- Emphasizes for the ratification and effective implementation of the Doha amendments of Kyoto Protocol.

- The output of the technical expert meetings should be actionable and clear implementation pathways should emerge to limit the emission gap in the period of 2020. That helps for smooth transition of actions towards achieving long-term goal.

- Countries with highest capacity and historical emission need to provide adequate financial and technical support for countries with low capacity and emission to reduce the Adaptation Gap in Pre 2020 period.

Workstream1– Post-2020 Actions

ADP Work stream 1 (ADP-WS1) is a process launched at the Durban Conference to develop a protocol, another legal instrument, or an agreed upon outcome with legal force under the Convention applicable to all Parties, which shall be adopted at the twenty-first session of the COP, in 2015, for it to come into effect and be implemented from 2020. The subsequent COPs have been elaborating the elements for new agreement including on mitigation, adaptation, finance, technology development and transfer, capacity building and transparency of action and support.

An encouraging number of countries have submitted Intended Nationally Determined Contributions (INDCs) – the country plans to tackle climate change to the UNFCCC. However, the current ambition put forward through INDCs puts the world on a 2.7 °C pathway which will position the world to the irreversible changes in climatic system. Emissions are expected to increase by 34–46% in 2025 and 37–52% in 2030 in relation to the global emission level in 1990. Thus, a strong mechanism to increase the ambition of the INDCs should be included in the Paris Climate Agreement. There should be a mechanism to help to facilitate the strengthening of the present INDCs before their execution in 2020 in line with the agreed principles for fair share. The agreement in Paris must establish a strong transparency framework with robust set of accounting rules, which will work to ensure that the Partiesare held accountable for their actions- including provision for means of implementation.

Legal Form of the new agreement

The Parties envisioned the establishment of new instrument in COP17 amid already existing UNFCCC and Kyoto Protocol due to the felt necessity of the insufficiency in the existing instruments to realize the very objective of the UNFCCC as reflected in Article 2 of the Convention[1]. Accordingly, Parties agreed to work to adopt a “protocol, another legal instrument or an agreed outcome with legal force.”

Nepal’s submission on behalf of LDCs in 2013reiterates, “Calling for an outcome with legal force

---

1 United Nations (1992) United Nation Framework Convention on Climate Change (available at https://unfccc.int/resource/docs/convkp/conveng.pdf)

reinforces the need for a new legally binding instrument." [2]Therefore, reaffirming its position as member of LDCs and as an individual Party to the UNFCCC, Nepal stands strong for the legal form of the agreement, to be in the form of protocol that serves as a blueprint to fight with intractable climate change problem beyond 2020. As directed by the Vienna Convention on the Law of Treaties, 1969 and the state practice demonstrate that the "protocol" is placed under higher legal authority under international law unlike "agreed outcome with legal force," it is very crucial that the climate vulnerable countries like Nepal opt for more obligatory form of the agreement so as to ensure more trust and predictability in the system. Generally, in multilateral environmental rule-making process "protocol" based on the Framework Convention (UNFCCC in this case) serves as an instrument to implement the general objective with the substantive obligation. Attaching to the same spirit of international environmental law making process, it is very important to align to agree to a legally binding "protocol" in Paris. It is expected that a legally binding agreement, in the form of protocol, places stringent measures to reduce emissions on the part of developed countries and gives confidence to all the Parties to act in predicable way and to achieve highest ambition level beyond 2020.

Given the shape of hybrid architecture of the Agreement, it is crucial that the elements in the agreement become legally binding to the Parties. The legally binding elements should include mitigation, adaptation, loss and damage, technology, finance, MRV, and compliance.

Importantly, only charting out legal form of the Paris Agreement is less likely to ensure achievement of the emission reduction objective inherent to the Convention as the forms without required functions has the danger to become paper tiger. Therefore, it requires to clearly charting out the element specific legal character that is binding and set out enforcement mechanism thereof.

Key Issues

- Call for a legally binding "protocol" as it gives additional legal force to the Parties to the Convention

- The INDCs should be legally binding commitments to the developed country Parties not just the contributions. Flexibility and exemptions should be granted to LDCs. The progression of commitments through NDCs should be built-on to the provisions on new treaty.

- Progression of commitments through a no-backsliding principle to be enshrined as a principle in the legally binding agreement

- Finance commitments should be legally binding on the part of the developed countries.

Equity

All Parties agree that equity is a fundamental principle of the Convention and that equity and fairness are desirable attributes of the 2015 agreement.However, there are striking differences in how Parites interpret the term. The UNFCCC entered into force with a clear principle of 'Common But Differentiated Responsibilities and Respective Capabilities (CBDRRC)'. 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

2 Submission by Nepal on behalf of Least Developed Countries Group (2013) https://unfccc.int/files/bodies/awg/application/pdf/submission_by_nepal_on_behalf_of_ldc_group_on_views_and_proposals_on_the_work_of_the_adp.pdf

developed countries to take lead to reduce emissions of greenhouse gases through specified targets set up by the Convention.

LDCs have been reiterating that developed nations have to take the lead on cutting GHG emissions minding their historical responsibility but also have reminded the emerging economies should be responsible to curb the emission in order to help address the problem. It is clear that LDCs should not be obliged to cut green house gases and be provided with adequate finance to adapt on changing climate, acknowledging the specific needsand special situations of the least developed countries.

A major move on bringing all countries on equitable and self declared emissions reduction target came up at COP19 held in Warsaw of Poland in 2013 where countries decided (Decision 1/CP.19) to invite parties to initiate or intensity domestic preparations for their intended nationally determined contributions. A major discussion during the COP21 would be around differentiation of responsibility among developed and developing countries and their obligations to the new treaty, including the treatment of INDCs and its progression, which is directly related to mitigation but is major part of the equity as it brings all parties to commit emissions reduction. In this discourse while discussions are ongoing between responsibilities for developed and developing countries, it is very important to consider specific needsand special situations of the least developed countries.

Key Issues

- The sharing of responsibilities under the international climate change regime should be determined by the principles of equity and justice that underline CBDR-RC.

- The parties should agree to stay within a global carbon budget that is plausibly consistent with the agreed goal of limiting global average temperature to 1.5 degree Celsius.

- 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.

- Hence, should set up a task force to develop equity metrics; this can be done via a COP decision

- Use those metrics as a part of the global stocktake as well as in the process of assessing INDCs.

Adaptation

The article 4 of the UNFCCC calls for the cooperation between parties in preparing for adaptation to the impacts of climate change and that the developed country Parties and other developed Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.

During the course of negotiations the Parties to the UNFCCC have adopted the following decisions to promote climate change adaptation (CCA):

- Adoption of Marrakesh Accord (COP7 in 2001) for LDCs which contains LDC work programme, National Adaptation Programme of Action (NAPA) preparation guidelines, and establishment of LDC Fund, and LDC Expert Group (LEG) to provide guidance and support LDCs on adaptation;

- Establishment of the Nairobi Work Programme (NWP) on impacts, vulnerability and adaptation to climate change through decision 2/CP 11 in 2005 to develop tools and methods, document good practices, and provide scientific and technological inputs to Parties[3] ;

- Establishment of Adaptation Fund (AF)[4] in 2001 to finance concrete adaptation project and programmes financed with a share of proceeds from the clean development mechanism (CDM), and Adaptation Fund Board (AFB)[5] was established under the decision 1/CMP3 in 2007 to govern the Adaptation Fund;

- Establishment of a process to formulate and implement national adaptation plan (NAPs)[6] to identify medium and long-term adaptation needs in developing countries, including LDCs under the Cancun Adaptation Framework (CAF) in 2010; and

- Establishment of the Adaptation Committee[7] to promote the implementation of enhanced action on adaptation as part of the Cancun Adaptation Framework.

Adaptation is the most important issue for Nepal. The key adaptation issues for COP21 include:

- Global Adaptation Goal: Establishment for the global adaptation goal is one the key issues for the Paris Agreement. The global adaptation goal should be an aspirational goal for adaptation that not only support the adaptation on ground but also equally raise the profile of adaptation at the international level. The goal should be dynamic, including the support needs linked to the projected level of global temperature rise.

- Adaptation Funding: A significant funding gap for adaptation remains as existing funds depend upon voluntary and irregular pledges, and the LDCF (dedicated for LDCs) is currently 'empty'. There is an urgent need to bridge this funding gap, particularly the LDCF, to implement NAPA prioritised adaptation actions, other climate change activities as well as to start a process to formulate and implement NAP in the LDCs;

- Accessing Finance: Issues related to accessing finance, ensuring co-financing, proving additionality, and high service charge (about 10% for large scale projects) are main issues for LDCs. For GCF related activities, LDCs still face large complexities in accessing fund directly due to complex and lengthy accreditation procedures, and there is a high risk of possible inclusion of 'loan component' in the GCF to support adaptation activities in LDCs;

- Capacity Building: Low opportunity for building country capacity while executing through 'intermediary institutions' in accessing funding and implementing programmes;

- Technology Needs: Need for supporting technology development and transfer, and capacity building, including higher studies, research and development on climate change adaptation in different ecosystems – highlands/uplands, drylands and lowlands; and

Excluding the global adaptation goal, other issues are operational in nature and Nepal urges for decisions, as in the past, in relevant agenda items of the SBI 43 and COP 21.

3 Nairobi Work Programme, https://www3.unfccc.int/pls/apex/f?p=333:1:2943245397665209
4 The Adaptation Fund, 2001 http://unfccc.int/cooperation_and_support/financial_mechanism/adaptation_fund/items/3659.php
5 The Adaptation Fund board, 2007 http://unfccc.int/cooperation_and_support/financial_mechanism/adaptation_fund/items/4264.php
6 National Adaptation Plan, 2010 http://unfccc.int/adaptation/workstreams/national_adaptation_plans/items/6057.php
7 Adaptation Committee, 2010 http://unfccc.int/adaptation/groups_committees/adaptation_committee/items/6053.php

Key Issues

- Establishment a Global Goal onAdaptation and linkage of adaptation support with projected temperature increase scenario: The global goal on adaptation should be aspirational, aiming to support adaptation actions as well asaiming to raise adaptation's global profile.It should be dynamic, including the support needs linked to the projected level of global temperature rise. A higher temperature increase will require more support for adaptation. As a result, adaptation support must be linked to the level of mitigation and resulting temperature scenarios in the global goal on adaptation;

- Inclusion of a clear provision on support to LDCs for adaptation actions in the Paris Agreement (similar to Article 4.9 of the Convention[8]) and channelling of financial support from the LDCF as well as dedicated allocation for LDCs within GCF, with provisions of direct access, grant based financing for adaptation, and removal of co-financing requirements;

- Permanent mechanism (source) for funding and replenishment of the LDCF to bridge the funding gap and ensure implementation of NAPA priorities for LDCs;

- Simplification of accreditation procedures for National Implementing Entities (NIEs) of LDCs to the GCF and other UNFCCC related financial institutions, for example, the LDCF;

- No 'loan' component to climate change adaptation activities from the GCF and other funding sources;

- Establishment of a special programme to enhance the capacities of LDCs in accessing climate finance and adaptation technologies;

- Support for capacity building to identify, plan, implement and monitor adaptation actions with provision for in-built mechanism (integrated) in adaptation programmes and projects;

- Renewed emphasis on urgent needs and priorities of the LDCs & in communicating adaptation, good practices, experiences and lesson learned through existing channel (national communications);

- Strengthen existing institutional structures for adaptation, including anchoring the Adaptation Committee and the LDC Expert Group, and establishing a compliance mechanism for regular review and stock-taking on support to the LDCs in the Paris agreement.

Loss and Damage

With the current global average temperature of 0.85oC above pre-industrial levels, the scale of loss and damage is tremendous and happening around the globe. It is unimaginable to think the scale of loss and damage that will occur beyond 2 degree plus world.

Article 4.8 of the Convention provides provisions on 'insurance' that might be linked to address the loss and damage. Although issues related to loss and damage (L&D) was raised in year 1991 by Vanuatu, a pacific island nation who tabled a proposal that asks for insurance of island state to compensate against sea level rise, only during COP 16 in year 2010 established the work programme under the Cancun Adaptation Framework (CAF)[9] to consider approaches [10] to address

8 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.
9 Cancun Adaptation Framework 2010 http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf#page=4
10 Work program on loss and damage, Decision 7/CP.17 2011 http://unfccc.int/resource/docs/2011/cop17/eng/09a02.pdf

L&D associated with climate change impacts. The COP 17 in Durban (2011) identified three thematic areas: (i) assessing the risk of and current knowledge on L&D; (ii) approaches to address L&D; and (iii) the role of the Convention in enhancing the implementation of approaches to L&D. As loss and damage is mostly understood linked with 'liability' and 'compensation', negotiation has become more complex and political.

The COP 19 in the year 2013 established the Warsaw International Mechanism (WIM)[11] for L&D with functions, under the CAF, and its executive committee, to address loss and damage associated with impacts of climate change, including extreme weather events and slow onset events. In 2014, Lima Call for Action (LCA) recalled WIM (preamble).

Understanding and concerns on loss and damage differ between developed, developing and least developed countries, including Small Island Developing States. LDCs have emphasised on risk management, insurance, rehabilitation and compensation. Although decisions related to L&D are made under the CAF, LDCs have advocated to separate L&D from adaptation and asked for addressing L&D through additional finance. In the current draft negotiating text, loss and damage appears as Article 5, which is separate from Adaptation (Article 4). For Nepal, the following issues deserve special attention:

- Operationalize insurance facility that could subsidize insurance premium for agriculture-dependent poor and climate-affected farmers; and provide resources and build capacity for conducting comprehensive damage assessment;
- Develop simple, user-friendly, internationally accepted tools and methods for L&D assessment, including cost calculation of losses and damages;
- Build capacity and promote sharing of updated knowledge and information on risk reduction measures, and L&D estimation and post-disaster rehabilitation measures; and
- Develop a mechanism to identify and support 'climate change victims' even through relocation.

Key Issues

- Support in developing country driven mechanism to address L&D;
- Support the implementation of WIM until 2020 before the Paris agreement enters into force;
- Recognize institutional arrangements, procedures and mechanisms on L&D in the Paris agreement.
- Urge for a stand-alone Article on L&D (separate from adaptation) with dedicated financial and technical support mechanism;
- Support for research, study, development of assessment tools and methods, piloting, sharing of information, experiences, good practices and lesson learned on loss and damage associated with the adverse effects of climate change, extreme events and slow unset events.

Mitigation and REDD+

Mitigation is one of the major pillars of the Climate Change Negotiations. Mitigation can be achieved from various sectors that contribute to the emissions of greenhouse gases. Forestry is also a major

11 Decision 2/CP.19, Warsaw International Mechanism for loss and damage associated with climate change Impacts, 2013, http://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf

sector. This sector has been given due priority as it contributes to 20% of global emissions and forests acts as both a natural sink if conserved and source is destroyed. With mechanism under the CDM like afforestation and reforestation which was not very successful; parties then agreed on conserving natural forests as well as plantations (enhancement of carbon stocks) through the REDD+ mechanism which currently is the only agreed agenda so far under the UNFCCC.

Despite the fact that Nepal is one of the most vulnerable to climate change impacts, it has decided to opt for climate smart development. Contributing to a little above 0.025% of the global emissions, Nepal has mainstreamed climate resilience in its National Planning Process followed by the development of a Low carbon Economic Development Strategy that looks into various sectors. Moreover, the National REDD+ Strategy looks into mitigation through the forestry sector but also helps enhance ecosystem resilience from the impacts of climate change. However given that these two strategies are still in final draft versions, the policies have taken a bottom-up and wider stakeholder consultation approach in its formulations. The policies will be endorsed, once it overcomes the current political change in the country. However, with these developments in the policy front, Nepal is already into action in terms of low carbon development and REDD+. The actions are also informing the policy processes.

A REDD+ program for the Terai Arc Landscape has been approved by the World Bank- Forest Carbon Partnership Facility for which an ERPD- Emissions Reduction Program Document is being developed; drivers of deforestation and forest degradation are being addressed by various bilateral and multilateral support program from USAID, WB, MFA Finland, SDC, UKAID, MFA, Norway, UNDP, etc. Another sector Nepal has been contributing is through the promotion of renewable energy and energy efficient technologies. However the country has the potential to do more in other sectors like transport, waste management, infrastructure and industry.

Ambitious emission reduction contributions in the form of commitments from developed and capable developing countries are critical for countries like Nepal. With the ongoing problems and no solutions put forth, the development aspirations of countries like Nepal is always at stake. The country will have to lay its resources to tackle its limited resource to deal with the climate impacts and development will always be pushed back. Thus, given its negligible role to GHG emissions, the country has always and will always prioritize adaptation. However, Nepal strongly demands that those responsible for the cause of climate change and with higher capacity should to take strong mitigation actions.

Key Issues

As outlined under the Article 3- Mitigation section, Nepal advocates the following points:

- Peaking Period: The peaking period should be before 2020 (given the context of the pre 2020 ambition and the post 2020 deal and the scientific ask to limit global average temperatures below 1.5°C).

- Ambition of Emission Reductions: The emissions reductions should be 50% by 2030 and above 90% by 2050, taking the 1990 baselines. (in line with the LDC position)

- Communication: The national commitments should be communicated every 5 years through a central registry.

- Financial and Technical Support: Full financial (grant based) and technical support for mitigation actions/ NAMAs planned to be taken by LDCs. (Article 6 overlap)

- Funding Mechanism: Continuation of the LDC Fund (Article 6 overlap) and easy access to GCF

- Legal: What will the legal provisions and actions be for countries not abiding by their commitments?

- Adaptation and Mitigation: Understand the link and leveraging of adaptation and mitigation actions (Article 4 overlap)

- Capacity Building: Institutional Arrangements for capacity building for mitigation (Article 8 overlap)

- Provision of information for anthropogenic emissions by sources and removals by sinks of greenhouse gases (Article 9 overlap). Developing a robust process for National Communication Reports.

- REDD+: Understand the role of REDD+ implemented in LDCs as their contribution, but not commitment.

Finance

The 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 (CBDR-RC). Article 4.9 of the Convention gives special attention to the financial need of the LDC countries to combat climate change.

During the fifteenth Conference of the Parties (COP15) in Copenhagen, the developed countries promised to scale up climate finance support to poor nations to US$100 billion a year by 2020. This was reaffirmed in COP16 and subsequent COPs. However, they have never provided a roadmap on how that promise would be met. Ever since, the developing countries are continuously demanding that the promise is met, financial resources be new, additional, predictable, sustainable, and that the developing countries can assess and utilize the finance directly without difficulty.

UNFCCC has established different financial mechanisms to channel climate finance to developing countries. These include;

1. Least Developed Countries Fund (LDCF) – Established in 2001 to support a LDC work programme including the preparation and implementation of National Adaptation Programme of Actions (NAPA).

2. Special Climate Change Fund (SCCF) – Established in 2001 to support projects related to adaptation, technology transfer and capacity building to the developing countries.

3. Adaptation Fund (AF) - Established under the Kyoto Protocol in 1997 to support the adaptation actions in the developing countries. The finance in this fund is generated through the 2 per cent levy charged on the Clean Development Mechanism (CDM) projects. Lately, some of the developed countries parties have also contributed funds directly.

4. Green Climate Fund (GCF)–The fund was established at COP16 held in Cancun, Mexico in 2010. It is designated as an operating entity of the financial mechanism of the UNFCCC, in accordance with Article 11 of the Convention. The Fund is expected to play a key role in channelling new, additional, adequate and predictable financial resources to developing countries and catalyse climate finance, both public and private, and at the international and national levels. Until date, the developed countries have pledged to provide US$10.2 billion to the fund.

Though these funds exist within the UNFCCC, all these funds remain severely under resourced. Developed countries are mobilizing significant proportion of funds through traditional bilateral channels, the multilateral development banks and UN Agencies. The developing countries emphasize that climate finance should be primarily channelled via the above-mentioned mechanisms created under the UNFCCC.Developing countries, particularly the LDCs, SIDS and African nations have emphasized on the need for climate finance to be more balanced between adaptation and mitigation. In 2013, annual global climate finance flows totalled approximately US$ 331 billion out of that adaptation flows amounted a mere 7 per cent.

Key Issues

The success of COP15 lies in the fact that the finance component is adequately addressed in the new agreement. Some of the key issues on finance that needs to be addressed in the Paris agreement are summarized below;

- Developed countries must address the needs of the developing countries in tackling climate change and delivered climate finance as per the existing commitments and responsibility of the Convention. Its ambition should contain the temperature rise at a level that does not exceed 1.5 degree goal.

- Scale and ambition of finance must increase from developed country Parties to meet the USD 100 billion per year commitment by 2020 and scale up the amount from USD 100 billion per year as minimum benchmark for beyond 2020 period. A clear pathway in meeting this target must be laid out in Paris Agreement.

- Developed countries must have greater commitment for predictability and transparency, clarity on additionality, predictability, sources and MRV of climate finance.

- The operating entities of the Financial Mechanism of the Convention, the Green Climate Finance and the Global Environment Facility must continue. Least Developed Countries Fund and the Adaptation Fund must continue to serve under the new agreement.

- A strong emphasis on the need for balanced allocation of 50:50 of available finance for mitigation and adaptation need to be maintained. Loss and Damage financing must be in addition to adaptation.

- Adaptation financing must be grant and public source based. Concessional finance must be provided to the poorest, most vulnerable and the countries with least ability to mobilize additional resources such as the LDCs and SIDS.

- Private sector finance has an important role to play in tackling climate change but it should be supplementary and not a primary source of finance. It cannot be prioritized at the expense of public finance.

- No conditionality must be imposed on developing countries, especially on LDCs. Barriers in accessing financial resources must be removed and ensure that poor countries are not debt burdened.

- A mechanism for assessment of progress made in delivering climate finance must be put in place in order to MRV and ensure accountability.

- The importance of South-South cooperation should be acknowledged and developing country parties who are in a position to contribute finance directly should be encouraged to do so.

Technology Development and Transfer

The obligations under the UNFCCC on technology transfer clearly stipulates that developed country Parties (Annex II countries, defined as OECD members as of 1992) shall not only promote and facilitate but also finance the transfer of environmental technologies to developing countries as mentioned in article 4.5.

It has been reasserted by the LDC group time and again that technology is one of the critical factors necessary to enhance the adaptive capacity of a vulnerable country, sector or community. 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. Nepal, being a least developed country with its unique set of challenges to climate change, needs support in implementing effective adaptation and mitigation technologies, more so in the crucial sectors such as agriculture, water resource management and energy access. Nepal currently is a part of Climate Technology Centre Network and Ministry of Science, Technology and Environment is the NDE for Nepal. Nepal has already submitted its Technical Needs assessment to the CTCN and is in the process to identify projects for Climate Technology.

In the Paris agreement, technology development and transfer needs to be as ambitious as the need for decarbonisation and building of climate resilience. Technology will also play a crucial role in supporting parties to implement their INDCs and allow countries to ratchet up their efforts to address climate change.

The Paris agreement provides an important opportunity to address major gaps in the international climate architecture. First, there is lack of adequate support to develop endogenous research, development, and deployment of technologies. As climate actions have to be country-driven and contextually appropriate to be effective, it is imperative to develop endogenous capabilities to support low carbon, climate resilient technologies. Second, access to technology remains an issue. Addressing the constraints imposed by intellectual property rights is an important area that needs multilateral action. Third, on the demand side, enabling environments, both nationally and internationally, must be improved so that developing countries have the capability to absorb new technologies. International support for this is paramount. Fourth, while there are institutions under the UNFCCC designed to support technology, the lack of synergies and overall guidance necessitate a more robust steering process. Finally, inadequate and inconsistent reporting by developed countries on support for technology makes it challenging to take stock of progress achieved as well as challenges that remain.

Key Issues

- Support the establishment of a technology framework that is mandated to provide medium to long-term guidance to the Technology Mechanism including the Technology Executive Committee and the Climate Technology Centre and Network;

- Continue to use existing institutional arrangements for the Paris agreement. Support a mandate to review the effectiveness of existing institutional arrangements and means to enhance and augment the institutional arrangements.

- Support the establishment of a nodal research, development and demonstration facility

- Strengthening the Technology Needs Assessment process is vital. However, the language must encourage the move to a direction that allows the TNAs to be implemented. Synergies across the UNFCCC system and beyond need to be tapped to implement the TNAs.

- It is important to recognize that improving enabling environments is important. However, international support to do so is critical.

Capacity Building

Capacity building of the poor and vulnerable developing countries such as LDCs deserves a special attention for enhancing technical, institutional and governance capacity. However, it should not be a standalone 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.

The fundamental rationale for addressing capacity building in the Paris Agreement is to address the persistent and cross-sectorial gaps in capacity in developing countries. Ad hoc approaches that have relied on standalone efforts have proven inadequate and insufficient to generate lasting capacity to generate the necessary capacity. What is also clear is that increasing the effectiveness of capacity building efforts under the Convention and through the Paris agreement will involve not just improving current institutional arrangements but the creation of new ones as well.

Therefore, the scope of capacity building efforts under the agreement needs to be comprehensive. It should reflect, among others, the following domains: designing, implementing, and evaluating climate actions; access to finance; enhancement of endogenous technology development and absorption of transferred technology; public participation, education, awareness and training (Article 6, UNFCCC); and regular and timely communication.

Similarly, there is a clear need for a dedicated international capacity building mechanism. This mechanism will be expected to fulfil three major functions: introduce coherence and encourage synergies across existing institutional arrangements under the UNFCCC; furnish guidance to UNFCCC efforts to ensure that capacity building considerations are being taken into account; and bolster accountability through monitoring and review of progress, such as, following up on the numerous actions that are presented at the Durban Forum.

The LDC Group had proposed to establish a Capacity Building Coordination Committee. COP21 provides an opportunity to make this happen. This capacity building coordination committee, together with the Durban Forum, the Portal, and the Capacity Building Framework would form the Mechanism. A dedicated mechanism can also serve the entire UNFCCC and not just the Paris Agreement.

Key Issues

- The agreement should help create an International Capacity Building Mechanism
- Obtain a mandate to develop modalities by the IPC for the CMA's consideration
- The ICBM must not just be a vehicle to implement the Paris agreement but must also support Workstream 2 actions that have the need to obtain capacity building support, the Kyoto Protocol, and the Convention at large.
- Launch work program to implement capacity building framework agreed to at COP7 (2/CP.7)
- Support language highlighting the special situation of LDCs and SIDS
- LDCs and SIDS need utmost flexibility in reporting requirements given their unique situation.

- Capacity building has to be country specific. It has to foster support at multiple levels – national, sub-national, and local. Similarly, capacity building must also learn from existing efforts that are underway through the Convention.

- Support the integration of Convention Article 6 into the capacity building cluster. Public participation, awareness and training are vital components that will support capacity building.

In addition to the above, following Cross-cutting issues require consideration;

- Eligibility of support

- Strengthening international and domestic enabling environments

- Cooperative approaches to promote access to technologies

- Flexibility to LDCs and SIDS in all reporting obligations

Conclusions

This document has been prepared through a participatory process with the help of expert teams and guidance from the broader section of the stakeholders. It should guide as a reference for the Nepali delegates attending the COP21 in Paris, France and those closely following the climate negotiations. It provides broader framework and understanding on where we stand as a country on major thematic issues to be dealt during the climate negotiations.