

The Kyoto Protocol Negotiations: Success in Bonn?

UNCTAD / Earth Council Policy Forum
on Trade and Climate Change

The State of the Greenhouse Gas Market

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Tahar Hadj-Sadok
Deputy Executive Secretary
UNFCCC secretariat



Through the Hague and Bonn

COP4 The Buenos Aires Plan of Action

COP6 part I The Hague, 13-24 Nov 2000 (no agreement)

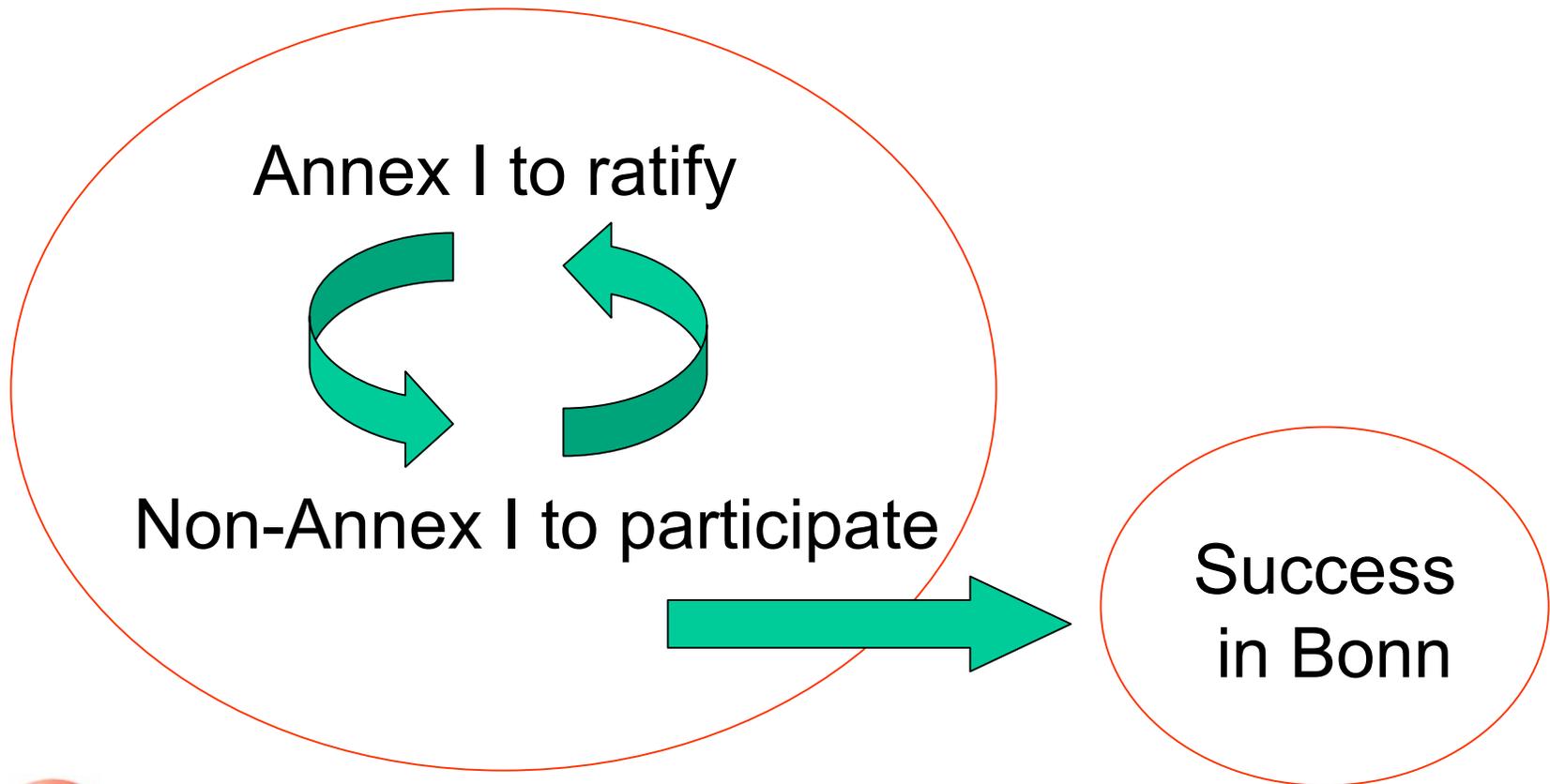
COP6 part II Bonn, 16-27 July 2001

- delegations identified political “crunch” issues
- ministerial negotiations, through a “group” and through-the-night consultations
- ministerial approval of the “Bonn Agreement”, followed by its official adoption days later
- translation into the detailed decision texts
- texts forwarded to COP7 for adoption

COP7 Marrakech, 29 Oct – 10 Nov 2001



Bonn: A balanced outcome



The Bonn Agreement

- Funding for developing countries
- Technology transfer
- Capacity building
- Adverse effects of climate change and impacts of response measures
- The Kyoto mechanisms
- Carbon sinks
- Compliance

Funding for developing countries

- Recognize need for more funding
- Predictable and adequate levels
- Increased GEF replenishment
- New funds under the Convention
 - Special Climate Change Fund
 - Least Developed Countries Fund
- A new fund under the Protocol
 - Adaptation Fund
- Political declarations by Annex I Parties



Framework on technology transfer

- Established the Expert Group on Technology Transfer to provide advice and prepare an action plan
- Actions to be developed under the framework:
 - technology needs assessments
 - information flow
 - enabling environments
 - capacity building
 - mechanisms for technology transfer
- Country-driven approach
- Cooperation between private sector, governments, donors, institutions, NGOs, research institutions

Framework for capacity building

- To assist developing countries and EIT countries develop capabilities to achieve the Convention objective
- Agreement on guiding principles
- Sets out the initial scope of capacity building needs
- Identifies actions, including those related to cooperation, information sharing and financing

Adverse effects of climate change and impacts of response measures

- Funding for adaptation activities
- Prevent or minimize adverse effects on developing countries when taking action on climate change
- Annex II Parties (and some other Annex I Parties)
 - Progressively reduce market distortions
 - Develop technologies for fossil fuels (non-energy related or emission-reducing)
 - Capacity building for improving efficiency of fossil fuel industries
- Funding for activities to address the negative impact of response measures

The Kyoto mechanisms

- A workable set of rules for all mechanisms
- Domestic action shall “constitute a significant element” of measures to meet targets
- Party eligibility requirements clarified
 - establishment of its “assigned amount”
 - up-to-date and up-to-standard inventories
 - a national registry for tracking mechanisms activities

The clean development mechanism and joint implementation

- Prompt start of the CDM; election of executive board at COP7
- Host Party confirms if a project assists with sustainable development; Annex I Parties to refrain from using credits from nuclear facilities
- Afforestation and reforestation projects in the CDM; but subject to a cap (1% of base year emissions)
- Public funding of CDM not to divert ODA
- Special procedures for small-scale CDM projects
- An independent verification system also for JI

Emissions trading

- Annex I Parties to meet eligibility requirements
- Legal entities may transfer and acquire if authorized by an eligible Party
- Each Party to maintain a commitment period reserve of assigned amount
- Trades to be tracked through an integrated system of national registries and a transaction log

Carbon sinks

- Agreement on principles for sinks accounting
- Parties must account for afforestation, reforestation and deforestation activities (Article 3.3)
- Other management activities also included: cropland, grazing land, revegetation (Article 3.4)
- Caps on forest management (Article 3.4):
 - all Annex I Parties up to 8.2 MtC/yr each
 - additional credits up to cap specified for each Party (totaling 54.5 MtC/yr without the US)
- CDM sink projects cap (1% of base year emissions)

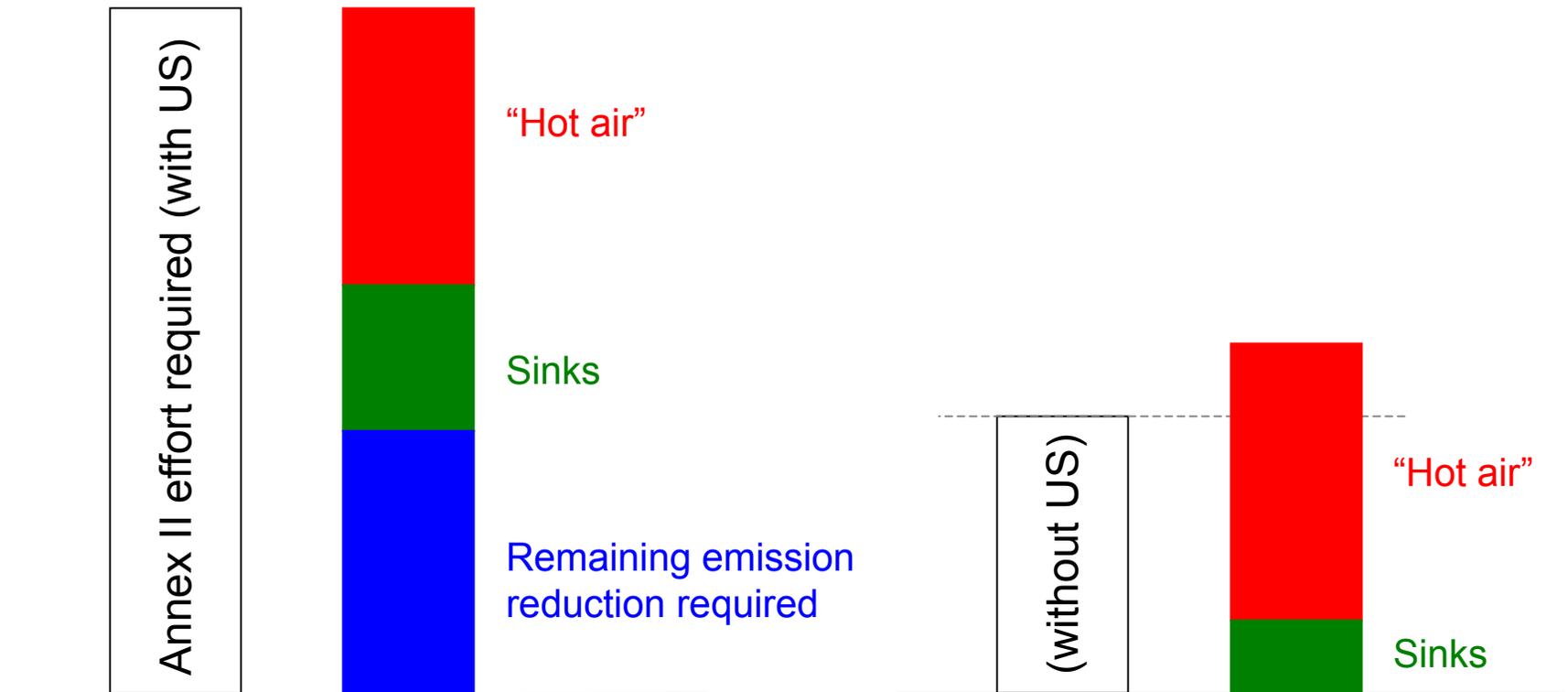
Compliance

- Establishment of a compliance committee
- Two branches: facilitation and enforcement
- Emphasis on facilitation and promotion of compliance
- Consequences of non-compliance with targets
 - deduction of excess emissions x 1.3 from the second commitment period assigned amount
 - compliance action plan, reviewed and assessed by enforcement branch
 - suspension of eligibility to make transfers

An assessment: Institutional structures

- Quantitative emissions targets
- Reporting and review plus non-compliance consequences
- Flexible mechanisms (projects and emissions trading)
- Prompt start of CDM
- Accounting rules for carbon sinks
- Frameworks for technology transfer and capacity building
- Predictable and adequate future funding levels for developing countries, including three new funds
 - Assistance for developing countries with adaptation and the impact of response measures

An assessment: Emissions in the **first** commitment period



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For further information

www.unfccc.int

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