

COP 11 AND COP/MOP 1 HIGHLIGHTS: WEDNESDAY, 30 NOVEMBER 2005

On Wednesday, delegates convened in COP and COP/MOP plenary meetings and in contact groups. The COP discussed deforestation in developing countries and the procedure for appointing an Executive Secretary. COP/MOP adopted a package of 21 decisions forwarded by the COP to operationalize the Kyoto Protocol as agreed under the Marrakesh Accords. COP/MOP also considered the report of the Executive Board of the Clean Development Mechanism (CDM), joint implementation (JI), compliance, Protocol Article 3.9 (future commitments), and various other matters. Contact groups met on the financial mechanism, LULUCF, education, training and public awareness, technology transfer, compliance, adaptation, and LDCs.

COP

DEFORESTATION IN DEVELOPING COUNTRIES:

PAPUA NEW GUINEA introduced a proposal on avoiding deforestation in developing countries (FCCC/CP/2005/MISC.1). Parties welcomed the proposal, while several noted the issue's complexity and need for thorough consideration. TUVĀLU drew attention to potential perverse incentives and links between the climate change regime and deforestation, and stressed the need for innovative thinking on possible action post-2012 under Protocol Article 3.9 (future commitments). BRAZIL supported exploring incentives for addressing sustainable development and, with TUVĀLU and others, opposed opening up the Marrakesh Accords. The US suggested that the proposal relates primarily to the Protocol. Jamaica, for the G-77/CHINA, underscored common but differentiated responsibilities in addressing climate change and sustainable development. Hernán Carlino (Argentina) will chair a contact group.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Procedure for Appointing an Executive Secretary: President Dion outlined the procedure for selecting a new UNFCCC Executive Secretary, as set out in recent correspondence from the UN Secretary-General's office. He noted that the procedure is the one used for all senior UN appointments, and said the COP Bureau looks forward to being consulted by the Secretary-General on the appointment. The COP took note of these arrangements.

COP/MOP

ADOPTION OF DECISIONS FORWARDED BY THE COP: President Dion introduced a package of 21 decisions forwarded by the COP to the COP/MOP as part of the Marrakesh Accords. Delegates adopted the package, including decisions on LULUCF and matters relating to Article

3.14 (adverse effects), Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information), the flexible mechanisms, and accounting of assigned amounts under Article 7.4 (FCCC/KP/CMP/2005/3 and Add.1-4). Describing the adoption as a "landmark achievement" resulting from seven years' hard work, he thanked delegates for approving a "clear rule book" for the Protocol.

CANADA said these decisions will "breathe life" into the Protocol and provide the basis for implementation. He suggested that the next step should be improvement, particularly in the operation of the CDM and through technology transfer.

OTHER MATTERS: The EU introduced a request by Italy to reconsider its assigned amount for forest management (FCCC/KP/CMP/2005/MISC.2). Consultations will be held.

REPORT OF THE CDM EXECUTIVE BOARD: Sushma Gera, Chair of the CDM Executive Board, presented the Board's 2004-2005 report (FCCC/KP/CMP/2005/4 and Add.1). Noting "significant momentum" over the past year, she reported that 39 CDM projects have been registered, with a large number in the pipeline. She outlined steps to streamline work and reported on the management plan, concluding that the goal of the prompt start of the CDM has been realized.

Many Parties highlighted the importance of the CDM and supported greater efficiency to expedite the process. Most emphasized the need for adequate funding for the Board and associated bodies, while several stressed the need to send a signal to the market on the CDM's continuation after 2012.

India, for the G-77/CHINA, highlighted recent accomplishments, including the awarding of the first certified emissions reductions (CERs). JAPAN said projects for district heating, energy efficiency and transport should be encouraged. COLOMBIA and GHANA drew attention to CDM potential in the transport sector. The EU noted the linking of the EU emissions trading scheme to the Kyoto mechanisms, and concerns that the CDM process needs to be improved to deliver projects and CERs on the scale sought by Parties.

CANADA stressed the Board's "strategic oversight" role and the pressing need for a package of CDM-strengthening measures. NEPAL and CAMBODIA raised the issue of non-renewable biomass, while BRAZIL and AOSIS underscored the need to maintain CDM's environmental integrity.

PANAMA noted concerns on the proposal to finance the Board through CDM proceeds, and endorsed the idea of sectoral CDM. Tanzania, for the AFRICA GROUP, called for measures to improve African participation in the CDM, such as channeling CDM proceeds to capacity building in the region. CHILE, supported by several others, proposed extending the Marrakesh Accords deadline for registering prompt start CDM projects.

The International Emissions Trading Association, speaking for BUSINESS AND INDUSTRY groups, called for a significant reform package, including new guidance on additionality. David Brackett (Canada) and André Corrêa do Lago (Brazil) will co-chair a contact group.

JOINT IMPLEMENTATION (JI): On implementation of Protocol Article 6 (JI), the EU urged prompt agreement on practical measures to operationalize JI, and stressed the EU's commitment to securing adequate and prompt payment of the costs. Several Parties emphasized the value of learning from the CDM. The RUSSIAN FEDERATION said financial sources for the JI Supervisory Committee should come from contributions from Annex I Parties and registration fees for JI projects. He identified the need to define small-scale JI projects and called for a COP/MOP 1 decision. China, for the G-77/CHINA, underscored clear guidelines for "real and measurable" reductions. Daniela Stoytcheva (Bulgaria) will chair a contact group on JI, and Marcia Levaggi (Argentina) will hold consultations on membership of the Supervisory Committee.

COMPLIANCE: On the Protocol's compliance mechanism, SAUDI ARABIA noted its proposal to amend the Protocol and called for an independent, legally-binding instrument. The EU, supported by others, said the compliance procedure should be adopted by a COP/MOP 1 decision, and should be operationalized without delay, after which an amendment could be considered. The G-77/CHINA said an amendment process could be initiated at COP/MOP 1. CANADA cautioned that such a process could be unpredictable. The RUSSIAN FEDERATION said adoption of the compliance mechanism by a COP/MOP 1 decision would imply a recommendatory rather than legally-binding system. JAPAN opposed an amendment. Harald Dovland (Norway) and Mamadou Honadia (Burkina Faso) will co-chair a contact group.

ARTICLE 3.9 (FUTURE COMMITMENTS): Parties stressed the importance of initiating a process on this issue. CANADA, SWITZERLAND and other Parties called for broad participation, while ZIMBABWE and others noted that Article 3.9 refers specifically to Annex I countries. CHINA suggested an *Ad Hoc* Working Group, and TUVALU called for a world summit on climate change. Greenpeace, speaking for environmental NGOs, called for a "strong response." The G-77/CHINA presented a draft decision to initiate discussions on an amendment to Annex B. David Drake (Canada) and Alf Wills (South Africa) will co-chair a contact group.

QUANTIFIED EMISSION REDUCTION COMMITMENT FOR BELARUS: BELARUS indicated that it is seeking to define its quantified emission reduction commitment as 95 per cent of the 1990 level, and to introduce a corresponding amendment to Annex B of the Kyoto Protocol. President Dion, with assistance of Andrej Kranjc (Slovenia), will hold informal consultations.

CONTACT GROUPS

UNFCCC ARTICLE 6: Contact group Chair Crispin D'Auvergne (Saint Lucia) invited comments on implementing Article 6 (education, training and public awareness). The US suggested synthesizing results of recent workshops. On the new CC:iNet online information clearinghouse and funding issues, the EU said CC:iNet needs ongoing funding and that submissions could be requested in 2006 on all Article 6 issues, including CC:iNet. The David Suzuki Foundation, for CLIMATE ACTION NETWORK, said NGOs can play a cost-effective role in implementing Article 6. Chair D'Auvergne said draft text would be prepared by Thursday morning.

FINANCIAL MECHANISM: Delegates met in a contact group in the morning and informally in the afternoon in an attempt to agree on the draft COP decision on the Special Climate Change Fund (SCCF). Much of the discussion was on a proposal by the G-77/China to include research and development in the transport and energy sectors in the priority areas to be financed by the SCCF. The group will continue to meet informally to resolve outstanding issues on the draft decision before addressing other matters.

TECHNOLOGY TRANSFER: Co-Chairs Holger Liptow (Germany) and Carlos Fuller (Belize) asked participants to provide initial thoughts on this issue. The US, EU and JAPAN supported adopting the 2006 Work Plan of the Expert Group on Technology Transfer (EGTT) as proposed, while Malaysia and Ghana, both speaking for the G-77/CHINA, suggested some additions. Discussion focused on an EGTT paper on publicly-owned technologies and technologies in the public domain, and on holding a high-level round table. The Co-Chairs will prepare draft text.

COMPLIANCE: The contact group decided to hold informal consultation to consider a draft decision proposed by the AFRICA GROUP, which has one operational paragraph on adoption of compliance procedures in Decision 24/CP.7 and another on commencing an amendment process. SAUDI ARABIA insisted on linking both topics, while the EU questioned the rationale for considering an amendment now when prompt operationalization of the compliance mechanism is essential for implementing the Protocol and CDM. JAPAN opposed the amendment.

ADAPTATION: Co-Chair Kumarsingh presented a draft COP decision on the SBSTA programme of work on impacts, vulnerability and adaptation, which includes an annex setting out the objective, expected outcome, scope of work, process and modalities, and specific activities. Delegates discussed, *inter alia*, how to include reference to the most vulnerable Parties and how to refer to integration into sustainable development. The G-77/CHINA, AOSIS and others called for an action-oriented programme of work as opposed to continuing assessments.

COMMON REPORTING FORMAT (CRF) FOR LULUCF: The US suggested reporting net national totals including all sources and sinks. The UK, CANADA and AUSTRALIA opposed this and stressed the need to distinguish sinks in the reporting to ensure transparency and comparability. AUSTRALIA, with TUVALU, called for a focus on emissions and removals instead of on stock changes. On how to address unmanaged lands, TUVALU cautioned that distinguishing between managed and unmanaged lands is inconsistent with the UNFCCC and stressed the need to account for all sources. María José Sanz (Spain) will facilitate informal discussions.

CRITERIA FOR CASES OF FAILURE TO SUBMIT INFORMATION ON LULUCF UNDER THE PROTOCOL: Co-Chair Rosland noted various issues that needed to be addressed, including defining the proper basis for measurement, establishing thresholds, and whether to have separate criteria for omissions. JAPAN suggested taking into account adjustments and "conservativeness factors" already applied to LULUCF reporting and, with the EU, NEW ZEALAND and CANADA, called for a simple, effective and comparable approach. Informal consultations will be held.

MATTERS RELATING TO LDCS: Delegates discussed a new mandate and terms of reference for the LDC Expert Group (LEG), focusing on clarifying how the LEG will assist LDCs in implementing NAPAs, and the length of the LEG's new mandate. Samoa, for the LDCs, said the LEG's mandate should be three years, while the EU, US, JAPAN and others preferred two years. The Co-Chairs will prepare a draft decision and consult informally prior to it being considered by the contact group on Friday.

IN THE CORRIDORS

Corridor chatter on Wednesday started with rumors that Bill Clinton and Al Gore might make an appearance next week to push the agenda along. By lunchtime the focus of many delegates had shifted to relief and pleasure at the COP/MOP's adoption of the Marrakesh Accords, which some had quietly feared might prove difficult. By the close of the day, though, the mood had turned sour for some following Saudi Arabia's insistence on amending the Kyoto Protocol at this COP/MOP – an issue many fear could prove among the most difficult to manage in the days ahead. This prompted one delegate to suggest that Clinton and Gore's presence might indeed help to "save the day."