

## COP 11 AND COP/MOP 1 HIGHLIGHTS: FRIDAY, 2 DECEMBER 2005

On Friday, delegates convened in contact groups and informal consultations on numerous issues, including the financial mechanism, technology transfer, adaptation, mitigation, LDCs, the CDM Executive Board's report, implications of the CDM for other environmental treaties, the Kyoto Protocol's international transaction log, compliance, research and systematic observation, Annex I communications, and the IPCC Special Report on carbon dioxide capture and storage.

### CONTACT GROUPS AND INFORMAL CONSULTATIONS

**ADAPTATION:** Delegates proceeded through the Co-Chairs' draft annex on the SBSTA programme of work on adaptation, addressing specific activities in the programme. Many Parties underscored the need for a more focused approach, engaging outside experts and users, and encouraging long-term cooperation. The G-77/CHINA and others called for a two-track approach that could address more urgent needs, as well as establishment of an expert group, bottom-up approaches, and some shorter deadlines. CANADA suggested requesting a technical report on analytical tools for adaptation planning and development, and on assessment of adaptation options. The EU proposed a web-based adaptation case-study database, and the US called for engagement with sectoral experts. AUSTRALIA, supported by many others, noted the need for more than one workshop to stimulate ongoing collaborative work. Informal consultations continued throughout the day.

**ANNEX I COMMUNICATIONS:** Delegates considered draft COP and COP/MOP decisions from the Co-Chairs, agreeing to revised versions of both. The Secretariat will make editorial changes and distribute the agreed texts on Saturday morning.

**CDM EXECUTIVE BOARD REPORT:** Parties met informally to work through the Co-Chairs' draft decision. Several developed countries proposed deleting a paragraph on the CDM's continuity beyond 2012, suggesting that this should be addressed in the Protocol Article 3.9 contact group. Developing countries highlighted the importance of this issue.

Developing countries proposed language on retroactive crediting for projects entering the CDM project cycle by 31 December 2005. Discussions revealed differences amongst the Parties on carbon dioxide capture and storage under the CDM, and on whether local, national or regional policy standards and programmes can be considered CDM project activities. A group of developed countries

suggested adding several paragraphs on the Executive Board's role and efficiency, while a developing country opposed the proposal, emphasizing the Board's functions agreed under the Marrakesh Accords. Parties also discussed a paragraph on new proposals to demonstrate additionality, with various proposals being put forward.

**COMPLIANCE:** Delegates met informally to consider a draft decision provided by the Africa Group. The draft contains one operational paragraph on adopting the compliance procedures as contained in Decision 24/CP.7, and another paragraph on commencing a process for amending the Protocol to be concluded by MOP 2 and leading to a compliance system entailing legally-binding consequences. A developed country provided another draft decision as an alternative to the second paragraph, proposing initiation of a process to consider the need for an amendment. Informal consultations co-chaired by Harald Dovland (Norway) and Mamadou Honadia (Burkina Faso) will continue on Saturday.

**EDUCATION, TRAINING AND PUBLIC AWARENESS (UNFCCC ARTICLE 6):** The contact group reconvened late Friday morning to discuss Chair D'Auvergne's revised draft SBI conclusions. Delegates completed their work and approved the text after making several changes. These changes included the insertion by the EU of language clarifying that an upcoming workshop on SIDS should specifically be on Article 6. In addition, NAMIBIA added text encouraging institutions, as well as Parties, to strengthen new and existing national Article 6 focal points.

**FINANCIAL MECHANISM:** The contact group met throughout the day and in numerous informal consultations, taking up issues relating to the Special Climate Change Fund (SCCF), Decision 5/CP.8, the report of the GEF, the Adaptation Fund, and other matters.

**SCCF:** Delegates considered a Co-Chairs' draft decision, but were unable to reach agreement on language regarding the priority areas for the SCCF, and the timing regarding the COP's review of the status of SCCF implementation in such areas. Following informal consultations, Parties agreed to forward the draft text to the SBI Chair and/or COP President, along with proposals from the G-77/China and EU.

**Implementation of Decision 5/CP.8:** Delegates approved a draft SBI decision expressing appreciation for the report on experience of international funds and multilateral financial institutions relevant to the investment needs of developing countries in meeting their commitments under the Convention, and noting that the report and the assessment of funding necessary to assist developing countries in fulfilling their commitments will be used as input for the third review of the financial mechanism to be reported on at COP 12.

**Other Matters:** Delegates also engaged in a preliminary discussion on a proposal from the G-77/China that would request more information from the GEF on the RAF and ask the Secretariat to examine and report on the conformity of the RAF with the COP-GEF Memorandum of Understanding (MOU). The US said the proposal was unnecessary given existing guidance to the GEF, while the EU and others opposed reference to the conformity of the RAF with the MOU. The Co-Chairs will consult informally.

**GEF Report to the COP:** Delegates considered a draft Co-Chairs' decision. Micronesia, speaking for AOSIS and supported by the G-77/CHINA and others, noted the need to be equitable when making reference to concerns raised by Parties about the contents of the GEF's report. Parties agreed that the text should be shortened. The issue will be taken up again on Saturday.

**Adaptation Fund:** The EU and G-77/CHINA each presented draft decisions. The EU highlighted using a sliding scale on co-financing to measure additional costs. The G-77/CHINA noted the need for an MOU between the COP-MOP and the operating entity of the financial mechanism of the Convention and the need to avoid the "onerous operational policies on eligibility criteria," including "incremental costs." The G-77/CHINA said that its proposal should be used as the basis for negotiations, while the EU, supported by NORWAY and SWITZERLAND, said the Co-Chairs should produce a draft based on both proposals. A compilation of the two documents will be prepared in time for Saturday's meeting. However, the Co-Chairs indicated that it would not necessarily form the basis for negotiations, as Parties first had to discuss how to proceed.

**INTERNATIONAL TRANSACTION LOG:** Chair Ward reported on informal discussions held since the previous contact group meeting. He noted Parties' questions about the timelines for activities set out in the draft. The Secretariat briefed delegates on the schedule of activities for implementing the international transaction log. Chair Ward distributed a revised draft text, which notes the importance of the international transaction log to the Kyoto mechanisms, and requests the Secretariat to implement the log in 2006, with a view to allowing registry systems to successfully connect to the log by April 2007. Delegates sought clarification on several issues. A revised text will be prepared by Saturday afternoon.

**IPCC'S SPECIAL REPORT ON CARBON DIOXIDE CAPTURE AND STORAGE:** Delegates met informally in the morning to consider the Co-Chairs' draft text. Discussions focused on whether to "welcome" or "note" the report, the maturity of carbon dioxide capture and storage systems and components, and the organization of a workshop, including whether it should be sessional or intersessional and its main objective. In the afternoon, the contact group met and agreed on a paragraph on dissemination of the report. Discussions continued until 11:55 pm and no agreement was reached. The contact group will resume on Saturday.

**LDCS:** The contact group met to consider a revised draft decision on the mandate of the Least Developed Countries Expert Group (LEG). Discussions focused on a paragraph requesting the LEG to develop a work programme for consideration by SBI. SAMOA, for LDCs and supported by others, suggested deleting reference to SBI, while AUSTRALIA, supported by the EU, emphasized the need to be clear on implications of the decision and consider LEG's detailed needs at the SBI. After informal consultations Parties reached consensus on a new formulation including reference to SBI and decided to refer the text to the COP for adoption.

**METHODOLOGICAL ISSUES: Implications of the CDM for Other Environmental Treaties:** Chair Børsting presented a draft COP/MOP decision on implications of the establishment of HCFC-22 facilities seeking to obtain CERs for the destruction of HFC-23. CHINA and CANADA objected to text on the potentially negative impacts of establishing new HCFC-22 facilities, with CHINA questioning the scientific basis of some of the assertions. Noting increased demand for HCFC-22, CHINA stressed the need for incentives to destroy HFC-23. CANADA, supported by JAPAN, emphasized that HCFC-22 for feedstock applications is not restricted under the Montreal Protocol and urged making that distinction. BRAZIL proposed to treat increased HCFC-22 production as leakage. Chair Børsting will consult informally.

**MITIGATION:** Delegates worked through the text paragraph-by-paragraph, focusing on language dealing with workshops on mitigation practices and technologies, a technical paper for the workshops and workshop reporting, as well as next steps for this agenda item. On the workshop format, the US proposed holding an informal, in-session workshop. AUSTRALIA, CANADA and NORWAY suggested holding four workshops. The G-77/CHINA expressed reservations on requesting a Secretariat's technical paper. No agreement was reached on any of these issues. Discussions will continue informally.

**RESEARCH AND SYSTEMATIC OBSERVATION:** Delegates met informally in the morning and afternoon, approving the text after a paragraph-by-paragraph discussion. Parties covered terrestrial observation, oceanic observation, cooperation between the Group on Earth Observations (GEO) and GCOS, national focal points, and capacity building. A contact group will meet to formalize the agreement.

**TECHNOLOGY TRANSFER:** Participants engaged in a paragraph-by-paragraph discussion of the draft text. On EGTT's 2006 Work Programme, delegates agreed to all text, including language on nominations and a special working session, with the exception of a paragraph on public technologies. Delegates also discussed draft text on the framework for implementation. Discussions continued informally in the afternoon, although limited progress was reported.

### IN THE CORRIDORS

Much of the gossip on Friday evening was over a high-level meeting COP President Dion held with representatives of each of the major negotiating groups. Apparently, Dion presented a non-paper on an approach to considering future scenarios under the Convention. This approach, which is different to treating future commitments under Protocol Article 3.9, is likely to fuel considerable debate. The initial response was mixed, with enthusiasm in some quarters but a more muted response in others. "This could potentially be the big outcome of the meeting, but it will be a complicated task" observed one delegate.

Meanwhile, the contact groups were rather less sensational. While a few agreements were reached on issues such as UNFCCC Article 6, the LDC Expert Group and Annex I communications, efforts to grind out results in many other groups were far less successful. As of Friday night, some participants were expressing concerns at a lack of movement on financial issues, compliance, mitigation, and implications of the CDM for other environmental treaties. "If this was a race, the snail would have beaten us today," said one delegate. However, a veteran negotiator noted that the pace always seems to slow at this time of the meeting.

Perhaps in recognition of the heavy workload, Saturday's daily programme has meetings scheduled into the evening. "This could upset some people's plans to attend the NGO party or the Montreal Canadiens' ice hockey game," joked one participant.