

COP 11 AND COP/MOP 1 HIGHLIGHTS: SATURDAY, 3 DECEMBER 2005

On Saturday, delegates convened in contact groups and informal consultations on numerous issues, including Protocol Article 3.9 (future commitments), the CDM Executive Board's report, joint implementation, the financial mechanism, technology transfer, capacity building under the Kyoto Protocol, research and systematic observation, the Kyoto Protocol's international transaction log, compliance, the IPCC Special Report on carbon dioxide capture and storage, mitigation, non-Annex I communications, and privileges and immunities for those serving on bodies established under the Kyoto Protocol.

CONTACT GROUPS AND INFORMAL CONSULTATIONS ADMINISTRATIVE, FINANCIAL AND

INSTITUTIONAL MATTERS: This contact group addressed two matters: the institutional linkage of the Secretariat to the UN, and privileges and immunities for individuals serving on bodies established under the Kyoto Protocol.

Institutional Linkages: Parties agreed on a draft decision on institutional linkages without further comment or amendment. The text approves the continuation of the Secretariat's current institutional linkage with the UN until such time as a review is deemed necessary by either the COP or the UN General Assembly.

Privileges and Immunities: CDM Executive Board Chair Sushma Gera highlighted concerns among members and experts of constituted bodies under the Kyoto Protocol about the potential risks of legal action, noting that individuals are not covered by the relevant UN instruments, although the UNFCCC Headquarters Agreement with the German Government could afford protection, at least in Germany. However, she added that concerns about broader liability are affecting the Board's deliberations.

Parties emphasized that members and experts serving on bodies under the Protocol should be able to carry out their tasks free from the threat of third party claims. Delegates also discussed options for addressing this concern, as set out in a note by the Secretariat (FCCC/KP/CMP/2005/6). Several Parties, including the EU and SOUTH AFRICA, said it would not be possible to achieve a final resolution on this issue at COP/MOP 1, and the EU presented an assessment of all the options. Parties also discussed whether an "interim measure" could provide some additional security until a final arrangement was implemented. Discussions will resume on Monday afternoon.

ARTICLE 3.9 OF THE PROTOCOL (FUTURE

COMMITMENTS): Co-Chair Drake presented a compilation of Conference Room Paper submissions by the G-77/China, EU and Japan. Delegates agreed to consider this compilation, and a closed informal contact group continued meeting into Saturday evening.

CAPACITY BUILDING UNDER THE PROTOCOL: Co-Chair Turesson presented a new Co-Chairs' draft decision based on a submission by the G-77/China on capacity building relating to the implementation of the Protocol in developing countries. Parties welcomed the new text as a starting point for discussions, while expressing initial reservations about wording related to support of the framework for capacity building. Minor differences also emerged on text related to support for the framework in countries with economies in transition. A Co-Chairs' draft SBI conclusion on capacity building under the UNFCCC was also presented. Co-Chair Turesson asked for Parties' views on the texts by Monday at 11:00 am, in order to further consideration of the issue in a contact group in the afternoon.

CDM EXECUTIVE BOARD REPORT: Two informal meetings were held on Saturday. Co-Chairs Brackett and do Lago produced a revised draft decision and delegates commented on the bracketed sections. Developing countries insisted on explicit wording on the CDM's continuity post-2012, but some developed countries noted that, even if they may agree with the objective, this contact group was not the right forum to decide this issue. While Parties appeared to be in agreement on the need to extend the deadline for retroactive crediting for early start CDM projects, they continued to differ on the details, including eligibility criteria for projects seeking to benefit from this extension. A new proposal was submitted on the share of proceeds to cover administrative expenses of the Executive Board, but some Parties supported the Board's original proposal, and no agreement was reached on this issue. Other contentious issues included administrative matters; carbon dioxide capture and storage under the CDM; whether local, national or regional policy standards and programmes can be considered CDM project activities; and additionality. Informal consultations will continue on Monday.

COMPLIANCE: Informal consultations continued on the adoption of the compliance mechanism and Saudi Arabia's proposal to amend the Protocol to make the mechanism legally binding. A developed country group submitted new text proposing to adopt the compliance mechanism by a COP/MOP 1 decision, with the amendment mentioned in the preamble. In addition, two developing countries submitted new texts on the original proposal

from the Africa Group containing text for a decision and an amendment. Informal consultations will continue, with the Chairs providing a draft decision on Sunday.

FINANCIAL MECHANISM: Adaptation Fund: Delegates met throughout Saturday in closed informal consultations in an attempt to make progress on the Adaptation Fund text. At the morning session, the Co-Chairs introduced a draft decision that seeks to find common ground between the EU and G-77/China proposals that were tabled earlier. Delegates then began to review the Co-Chairs' draft, and agreed to bring elements of each of the two previous proposals into that text. The Co-Chairs will produce a revised draft decision for consideration on Monday.

INTERNATIONAL TRANSACTION LOG: Delegates concluded their work on a draft decision on the international transaction log relating to registry systems under Article 7.4 of the Kyoto Protocol. The text sets out a schedule for implementing the international transaction log in 2006, with a view to allowing registry systems to connect to it by April 2007. Parties added text requesting an interactive exercise of this electronic system to demonstrate its functionality once it is ready for implementation. A report from the exercise will be presented to the COP/MOP.

IPCC SPECIAL REPORT ON CARBON DIOXIDE CAPTURE AND STORAGE: Delegates met informally in the morning to consider the draft text, agreeing on the workshop objective of increasing understanding of carbon dioxide capture and storage and covering the relevant provisions of the forthcoming 2006 IPCC Guidelines for National Greenhouse Gas Inventories. In the afternoon, the contact group reconvened and delegates agreed on draft text which, *inter alia*: notes the IPCC's assessment of carbon dioxide capture and storage and encourages Parties and the private sector to support related research, development, deployment and diffusion of such technologies; sets out the workshop's objectives and reporting; and requests the GEF to consider whether supporting carbon dioxide capture and storage, particularly through capacity building, is consistent with its objectives. The contact group concluded its work early Saturday evening.

JOINT IMPLEMENTATION (JI): Delegates convened informally to discuss a Chair's draft COP/MOP decision. Parties differed on how to use experiences from the CDM under the second track of JI, in particular whether CDM's designated operational entities (DOEs) may act as accredited independent entities, and whether JI projects can use CDM methodologies and the CDM project design document. Developing countries insisted that DOEs and CDM methodologies cannot be applied automatically, given the differences between JI and CDM host countries, and between JI and CDM procedures. However, several developed countries opposed this, calling for a "quick start JI" in accordance with the Marrakesh Accords. These countries emphasized that in practice DOEs have already been used in determining JI projects, and noted that some CDM methodologies apply anywhere. No agreement was reached. Informal consultations will continue on Monday.

METHODOLOGICAL ISSUES: Common Reporting Format (CRF) for LULUCF: Co-Chair Rosland presented revised draft conclusions on the CRF, noting some changes in the text, including new wording requesting SBSTA 24 to consider inventory issues associated with biomass burning and natural disturbances as they relate to reporting under the UNFCCC. Delegates then proceeded paragraph-by-paragraph through the Co-Chairs' draft conclusions and Annex containing Notes on the CRF, and revised the CRF tables. After making minor editorial changes, delegates agreed to the draft text and to the draft tables as presented, concluding the contact group's work on this issue.

Criteria for Cases of Failure to Submit Information

Relating to LULUCF Estimates: Co-Chair Paciornik presented draft SBSTA conclusions and a draft COP/MOP decision on criteria for cases of failure to submit information relating to estimates of emissions and removals by sinks. After editorial and other minor changes, Parties agreed to the draft texts.

NON-ANNEX I COMMUNICATIONS: Informal consultations that had been ongoing throughout the week concluded with agreement on three draft SBI conclusions. These texts relate to the work of the consultative group of experts (CGE), the compilation and synthesis of initial national communications, and provision of financial support. Discussions on this item focused on language encouraging the CGE to develop a comprehensive training strategy and other technical support, with a group of developed countries proposing wording that would focus this work, while some developing countries preferred text that would leave the scope of this work more broad. Delegates eventually agreed that the strategy should be "cost-effective and comprehensive."

RESEARCH AND SYSTEMATIC OBSERVATION:

Delegates discussed additional text encouraging Annex I Parties to facilitate participation of developing countries in implementation activities, and removed text on designation of national agents for ocean observation. The contact group approved the rest of the draft text as had previously been agreed informally, and concluded its work early Saturday evening.

TECHNOLOGY TRANSFER: Delegates discussed the draft text on the framework for implementation. Disagreements continued on paragraphs requesting the Secretariat to prepare a compilation of public technologies and a guide on technologies for adaptation. Differences also remained on the outstanding paragraph dealing with the EGTT's 2006 Work Programme, which relates to a side event on public technologies. Delegates also considered a draft decision presented by the G-77/China. Discussions continued informally late into the night.

IN THE CORRIDORS

While the corridors were a little less crowded on Saturday, dedicated negotiators gave no indications that the weekend was a time to relax. Intense discussions continued in numerous contact groups and consultations. "This is the unglamorous but critical part of the meeting where we try to sort out the technical matters before the politicians arrive next week," explained one participant. Some meetings were more productive than others. Delegates emerging from a few groups were in celebratory mood: participants dealing with the "little known but nevertheless important" international transaction log finished their work, as did those engaged on LULUCF methodological issues. However, CDM, finance and other issues remained unresolved as of Saturday evening. Discussions on Article 3.9 (future commitments) and the financial mechanism seemed to create the most frustrations. Article 3.9, in particular, continued to be the subject of considerable discussion in the corridors as news continued to spread that the COP/COP-MOP President had consulted heads of delegation on a proposal on future work linked to the Convention, not the Kyoto Protocol. There were also rumblings in the corridors that at least one key delegate in a major negotiating group is "polarizing" positions both within and outside the group.

Some participants were focused more on what was happening outside the conference center, as thousands descended on central Montreal to demand action on climate change. "Let's just hope the politicians arriving next week find out about this," said one NGO participant.