

COP 12 AND COP/MOP 2 HIGHLIGHTS: MONDAY, 6 NOVEMBER 2006

The twelfth Conference of the Parties (COP 12) to the UN Framework Convention on Climate Change (UNFCCC) began on Monday morning with an opening ceremony, speeches and consideration of organizational matters. This was followed in the afternoon by the opening of the second Conference of the Parties serving as the Meeting of Parties to the Kyoto Protocol (COP/MOP 2). The Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA) began their work, and the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG) also convened briefly late in the afternoon.

COP 12 OPENING SESSION

Arthur Moody Awori, Vice-President of Kenya, officially opened the meeting. He noted that sub-Saharan Africa will be among the regions hardest hit by climate change and called for an environmentally sound and equitable global strategy to provide a post-2012 response to climate change.

Anna Tibajjuka, Director-General of the UN Office at Nairobi and UN-HABITAT's Executive Director, noted that the biggest environmental and human settlement challenges are in developing countries.

In a video address, COP 11 President Rona Ambrose (Canada) underscored the need to find a truly effective global solution to climate change.

The COP elected by acclamation Kivutha Kibwana, Kenya's Minister of Environment and Natural Resources, as President of COP 12. President Kibwana said the Stern Review has highlighted the economic consequences of climate change. He identified key conference goals, including: agreeing on concrete activities for the five-year programme of work on adaptation; encouraging equitable distribution of CDM projects; and using the review of the mandate of the Expert Group on Technology Transfer (EGTT) for "new thinking" on technology transfer.

UNFCCC Executive Secretary Yvo de Boer highlighted moving from assessment to action on adaptation, strengthening and making the CDM more accessible, Joint Implementation, technology transfer, and maintaining momentum in talks on the future.

ORGANIZATIONAL MATTERS: Parties agreed to continue applying the draft rules of procedure with the exception of draft rule 42 on voting (FCCC/CP/1996/2). The COP then considered its agenda (FCCC/CP/2006/1 and Add.1). President Kibwana noted no consensus on the item on second review of the adequacy of UNFCCC Article 4. 2(a) and (b) (policies and measures). The item was held in abeyance. Regarding an item on small island

developing States (SIDS), the US noted overlaps with other agenda items, while TUVALU said removing this item would send a signal that the international community is unconcerned about SIDS' welfare. JAMAICA clarified that Tuvalu was not speaking for all AOSIS members on this issue. President Kibwana said he would consult informally, and parties adopted the agenda with this item in abeyance.

On election of the Bureau, President Kibwana said current members would remain until the new Bureau was finalized. Parties also adopted the list of observers (FCCC/CP/2006/2). On the organization of work, Richard Kinley, Secretary of the Conference, identified a number of issues that would be taken up by SBI and SBSTA. President Kibwana noted agreement at SB 24 that meetings after 6:00 pm should only be held under exceptional circumstances, and said the Bureau would decide whether such circumstances exist.

INFORMATION ABOUT THE BASE YEAR OF

KAZAKHSTAN: KAZAKHSTAN reported on its greenhouse gas emissions inventory, requesting that 1992 be adopted as the base year for determining quantitative commitments. He also noted his country's forthcoming ratification of the Kyoto Protocol. The RUSSIAN FEDERATION, UKRAINE, TURKMENISTAN and BELARUS welcomed Kazakhstan's intention to take on voluntary commitments and ratify the Protocol. Finland, on behalf of the EU, said amending the Protocol's Annex B at COP 12 is not possible. She encouraged Kazakhstan to first ratify the Protocol and defer consideration of its request to COP/MOP 3. Normand Tremblay (Canada) will hold informal consultations.

GENERAL STATEMENTS: South Africa, for the G-77/ CHINA, urged agreement on the five-year work programme on adaptation and the Adaptation Fund, supported a wider mandate for the EGTT, and called for initiating a process to consider the GEF's Resource Allocation Framework (RAF).

NIUE emphasized the need for technological and financial assistance for adaptation. The EU highlighted the Stern Review, stressed the need for long-term action where adaptation complements mitigation, and suggested exploring new strategies under the Montreal Action Plan.

Nigeria, for the AFRICAN GROUP, noted that sub-Saharan Africa only accounts for 1.7% of CDM projects. He underscored priorities such as the adaptation work programme, the SCCF, and the LDC and Adaptation Funds. Bangladesh, for the LDCs, underscored compensation for victims of climate change and immediate funding and implementation of completed National Adaptation Plans of Action.

Australia, for the UMBRELLA GROUP, highlighted the prospects for outcomes from the review of the Protocol under Article 9, adaptation and technology transfer, the AWG and the Russian

proposal on voluntary commitments. SAUDI ARABIA called for progress on the issue of the impacts on developing countries arising from countries' responses to climate change. TUVVALU appealed for progress on the Montreal Action Plan, resources for adaptation and capacity building.

COP/MOP 2 OPENING SESSION

COP 12 President Kibwana opened COP/MOP 2. On organizational issues, he noted some parties' concerns with an agenda item relating to consultations on the Russian proposal to develop appropriate procedures for the approval of voluntary commitments. Parties agreed to the provisional agenda (FCCC/KP/CMP/2006/1) with the item on the Russian proposal held in abeyance, and invited SBSTA Chair Kishan Kumarsingh (Trinidad and Tobago) to hold consultations with a view to adopting the agenda on 9 November.

BELARUS outlined its proposal to amend Annex B to the Kyoto Protocol and expressed hope that a decision would be reached at this meeting. The EU stressed the need to operationalize the Adaptation Fund and strengthen the capacities of the LDCs to implement CDM projects. She highlighted the need to review and enhance the Protocol in accordance with its Article 9. The G-77/CHINA urged progress on adaptation and improving the geographical distribution of CDM projects.

SBSTA 25

SBSTA Chair Kumarsingh opened SBSTA's 25th session. Parties adopted the agenda (FCCC/SBSTA/2006/6), with the item on SIDS held in abeyance pending consultations under COP 12.

FIVE-YEAR PROGRAMME OF WORK ON

ADAPTATION: Parties stressed the importance of finalizing the programme of work, with many calling for it to lead to concrete action. The EU and CANADA supported proceeding on the basis of draft text from SBSTA 24, while the US noted willingness to consider new consolidated text. The G-77/CHINA highlighted the need to ensure that agreed activities and modalities are not renegotiated. Chair Kumarsingh introduced SBSTA 24 text with technical corrections but no substantial changes. This text will be used in contact group discussions co-chaired by Helen Plume (New Zealand) and Leon Charles (Grenada).

TECHNOLOGY TRANSFER: The Secretariat introduced this issue (FCCC/SBSTA/2006/MISC.10 and Add.1, FCCC/SBSTA/2006/INF.5, FCCC/TP/2006/1, and FCCC/SBSTA/2006/INF.8). EGTT Chair Bernard Mazijn (Belgium) reported on EGTT's work and annual report. Ghana, for G-77/CHINA, underscored a technology transfer fund and adaptation technologies, while the US expressed some concerns about such a fund. The REPUBLIC OF KOREA, AUSTRALIA, SWITZERLAND, EU, and others supported continuation of EGTT. JAPAN said technology needs assessments (TNAs) should be regarded as an integral part of sustainable development strategies for developing countries. CHINA called for a multilateral mechanism for financing technology transfer. UGANDA stressed that negotiations are about technology transfer under the Convention, "not under the market." He noted that CDM does not address technology transfer. CANADA noted synergies between EGTT and CSD 14. Carlos Fuller (Belize) and Kunihiko Shimada (Japan) will chair a contact group.

SBI 25

SBI Chair Thomas Becker (Denmark) opened SBI 25. The meeting's agenda (FCCC/SBI/2006/12 and Add.1) was adopted, with the item on SIDS held in abeyance.

ANNEX I COMMUNICATIONS: The Secretariat introduced the report on national greenhouse gas inventory data from Annex I parties (FCCC/SBI/2006/26). The EU noted that, while the total aggregated greenhouse gas emissions recorded by Annex I parties have decreased between 1990 and 2004, there has been an upward trend in recent years. He called for additional policies and measures in Annex I countries and expressed confidence the EU will meet

its Kyoto targets. AUSTRALIA expressed concern with the way national greenhouse gas inventory data are presented in the report, especially exclusion of LULUCF data.

NON-ANNEX I COMMUNICATIONS: Lilian Portillo (Paraguay), for the Consultative Group of Experts (CGE), presented a report on regional training workshops on vulnerability and adaptation, and greenhouse gas inventories (FCCC/SBI/2006/25). Chair Becker announced that CGE membership will be the subject of informal consultations. SWITZERLAND and CUBA called for the extension of CGE's mandate. The US called on the CGE to shift its focus to ensuring consistency of reporting.

On improving access to financial and technical support (FCCC/SBI/2006/24 and FCCC/SBI/2006/MISC.14), the CGE, supported by the EU, highlighted linking the preparation of communications with sustainable development and poverty reduction strategies. The G-77/CHINA urged the GEF to improve the efficiency of its funding process. Arthur Rolle (Bahamas) and Henriette Bersee (Netherlands) will conduct informal consultations.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Financial statements for 2004-2005: The Secretariat introduced this issue (FCCC/SBI/2006/14 and Add.1&2), noting that: previous recommendations have increased transparency in reporting and internal controls; some recommendations in the current report are already being implemented; and addressing late payment of contributions requires parties' cooperation.

Budget performance for the biennium 2006-2007: The Secretariat reported on its expenditures over the first six months of 2006 (FCCC/SBI/2006/15) and status of contributions under the UNFCCC and Kyoto Protocol Trust Funds (FCCC/SBI/2006/INF.6). He noted that the Trust Funds remain the main source of funding for core activities and expressed hope the CDM will soon become self-financed. SWITZERLAND welcomed the expansion of the global carbon market but said the UNFCCC needed to consider its future role. CHINA highlighted imbalances in UNFCCC staff from Annex I and non-Annex I parties, and the PHILIPPINES added that resource allocation should reflect the views of developing countries.

Continuing review of the Secretariat: The EU noted substantial work on this issue. Stressing the Secretariat's high standards and effectiveness, she suggested that this item be discontinued.

Harald Dovland (Norway) will conduct informal consultations on administrative, financial and institutional matters.

OTHER MATTERS: Levels of emissions for the base year of Croatia: The Secretariat noted a COP 11 decision confirming flexibility under UNFCCC Article 4.6 (flexibility for EITs) on Croatia's base year emissions, with the details to be finalized later. Jim Penman (UK) will conduct informal consultations.

AWG 2

AWG Chair Michael Zammit Cutajar opened AWG 2 and highlighted two main items on its agenda, on further commitments and the length of commitments for Annex I parties, and on the work plan and schedule of future sessions. Parties adopted the agenda (FCCC/KP/AWG/2006/3). Luiz Alberto Figueiredo Machado (Brazil) briefed delegates on an AWG in-session workshop scheduled for Tuesday, 7 November.

IN THE BREEZEWAYS

Some delegates were heard commenting on how smoothly the first day had gone logistically, especially considering pre-meeting concerns about how the UN's beautiful but relatively small Office at Nairobi might cope with an estimated 6000 delegates. However, substantive issues appeared to be causing more concerns, with fears over whether negotiators will be able to navigate their way through such a heavy agenda now that evening sessions are ruled out except under "exceptional circumstances." There was also grumbling among some delegates that SBSTA had already broken the new "6:00 pm rule" by meeting until close to 7:00 pm. Others, however, argued that some flexibility on evening sessions will be essential.