

COP 12 AND COP/MOP 2 HIGHLIGHTS: SATURDAY, 11 NOVEMBER 2006

On Saturday, delegates met in contact groups and informal consultations on a range of issues, including the adaptation programme of work, Annex I and non-Annex I communications, AWG, the Belarus proposal, capacity building, deforestation, education and public awareness (UNFCCC Article 6), HCFC-22 and HFC-23, privileges and immunities, research and systematic observation, response measures, review of the Protocol (Article 9), technology transfer, the financial mechanism, and administrative, financial and institutional matters.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ADAPTATION PROGRAMME OF WORK: During morning informal consultations, parties agreed on language for the chapeau paragraphs of the sub-themes in the list of activities. These now state that the SBSTA decides that activities “are undertaken in line with the objective” in Decision 2/CP.11, and that the activities “can contribute” to, “*inter alia*”, the various actions identified in the sub-themes.

An additional subparagraph on exchange of experiences in economic diversification, including ways in which economic diversification can be integrated into sustainable development plans, was added to the draft text.

In the afternoon, parties addressed textual changes presented by the small drafting group and timing of actions and deliverables. Differences remained on actions and deliverables under two sub-themes: climate-related risks and extreme events; and socioeconomic information. On the G-77/China’s proposal for an advisory working group, various countries questioned the need and specific mandate of such a group, and supported having parties submit their views on the matter.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: During informal consultations, delegates reached consensus on the draft COP and COP/MOP decisions and the Chair’s draft conclusions, pending two parties’ consultations on: the agreement concerning the headquarters of the Secretariat; and the paragraph on encouraging continued efforts of the UNFCCC Executive Secretary to ensure a wider geographical balance in senior and managerial appointments.

ANNEX I COMMUNICATIONS: Protocol Article 3.2 (demonstrable progress): Co-Chairs Bersee and Rolle convened informal consultations on the synthesis of reports in accordance with Protocol Article 3.2. Parties acknowledged actions already taken by Annex I parties, while also commenting on developments

in their emissions trends. Parties revisited a draft decision prepared by the Co-Chairs, which contains a number of bracketed issues, including references to the late submission of Annex I Reports on Demonstrable Progress (RDPs), the increasing trend in emissions of Annex I parties, and a recommendation on a draft COP/MOP decision. Discussions focused on text in the draft decision calling on Annex I parties to intensify efforts to meet commitments and urging them to submit RDPs. The Co-Chairs invited parties to conduct “informal informal” discussions.

AWG ISSUES: During informal consultations, AWG Chair Zammit Cutajar circulated his first draft text for discussion on further commitments for Annex I parties. The text includes language on the long-term vision, legal matters, timeline and method of work, information from other bodies, and the programme of work, including: analysis of mitigation potential; review of the means of implementation for mitigation policies; and setting targets.

Parties raised a number of questions on the detail, for the most part reflecting differences already rehearsed during meetings of the contact group.

BELARUS PROPOSAL: During informal consultations, delegates discussed technical and legal issues related to the proposal. A number of developed countries noted that the proposed amendment to the Protocol may not be ratified by all parties, and may only come into force right before or after the end of the first commitment period. The Secretariat will compile an overview of procedural issues related to the proposed amendment. On the level of commitment, parties asked for clarification regarding emissions trends presented by Belarus.

CAPACITY BUILDING: Convention: In a contact group, parties considered draft texts previously submitted by the EU and G-77/China, addressing whether text on the objective of monitoring capacity building should be preambular or operative. Informal consultations were held over lunchtime in an attempt to reach consensus between the two groups. However, back in the contact group this did not result in agreement, with the G-77/CHINA expressing frustration at the exclusion of some of the text from its proposal. Regarding a proposed expert workshop in collaboration with the GEF, Co-Chair d’Auvergne noted that this idea had received considerable support at SBI 24. However, several parties questioned the “usefulness” of such a meeting, and one party expressed concern that negotiations were “moving backwards.”

Protocol: Negotiations on draft text on Saturday morning did not result in agreement, and the item was not taken up in the afternoon as delegates sought to make progress on capacity building under the Convention.

DEFORESTATION: On the scope of a second workshop, parties agreed to continue discussing the topics identified in the first workshop, focusing on ongoing and potential policy approaches and positive incentives, and technical and methodological requirements related to their implementation. Parties have yet to agree whether to consider definitions and terminology from other relevant international processes and multilateral agreements.

EDUCATION, AWARENESS AND TRAINING (ARTICLE 6): Informal consultations resulted in some progress in determining the strategy for reviewing the New Delhi work programme and developing an enhanced work programme. Additional text on the GEF was proposed late in the session.

FINANCIAL MECHANISM: Delegates considered the Co-Chairs' draft text on the review of the financial mechanism, with unresolved issues reportedly relating to the funding of mitigation and adaptation options. Discussions also began on the Co-Chairs' draft text on additional guidance to the GEF, which requests the GEF to, *inter alia*: simplify procedures; remove the requirement of co-financing for adaptation projects; and report on resources allocated to each developing country under the RAF.

HCFC-22 AND HFC-23: Parties discussed a Chair's draft text on the implications of establishing new HCFC-22 facilities seeking to obtain certified emission reductions (CERs) for destroying HFC-23. Regarding institutional arrangements on CER issuance, one large developing country, opposed by several parties, preferred a reference to CERs being issued to the "host government" rather than to "another institution." There was also disagreement over what happens with "remaining CERs" left over after certain costs are met, with some developing countries preferring that these CERs be cancelled, while another wanted these to be used to "benefit the global environment."

REVIEW OF THE PROTOCOL (ARTICLE 9): Bilateral consultations were conducted by Fernando Tudela Abad (Mexico) aimed at considering views on how to proceed.

RESEARCH AND SYSTEMATIC OBSERVATION: The contact group finished its work on draft conclusions to be forwarded to SBSTA. Deliberations on Saturday focused on an additional paragraph proposed by Japan regarding the importance of further integration and coordination of Earth observations. The text was agreed after further amendments that resulted in the addition of two paragraphs on "integrated global analysis products" and the promotion of national GCOS and GEOSS activities.

NON-ANNEX I COMMUNICATIONS: Co-Chairs Bersee and Rolle completed informal consultations on two draft conclusions: the provision of financial and technical support, and the work of the Consultative Group of Experts (CGE) on non-Annex I National Communications. Parties discussed a revised version of the Co-Chairs' text distributed Friday. Developing countries proposed treating the draft conclusions as a package. On the work of the CGE, parties agreed amendments to a paragraph on bottom-up approaches to vulnerability, and to a paragraph on a workshop on sharing good practices in national communications and cross-cutting issues. In their draft on provision of financial and technical support, the Co-Chairs had inserted text proposed by developing countries on an SBI recommendation that the COP invite the GEF to provide updated information on operational procedures for expedited financing of non-Annex I communications, for consideration by SBI 26. Explaining that operational procedures had been delegated to UN agencies, the GEF added that the average time between approval and reimbursement had been reduced to between four and six weeks.

PRIVILEGES AND IMMUNITIES: Chair Watkinson presented the contact group with SBI draft conclusions containing a proposed COP/MOP 2 decision on issues such as Secretariat assistance to individuals who are the subject of disputes, minimizing the risks of

such disputes, and financial implications. In the section on assistance, CANADA replaced references to "disputes, complaints or claims" with "concerns or issues" and also proposed removing a specific reference to the Secretariat providing "legal counsel." BRAZIL suggested establishing an *ad hoc* special review team to analyze complaints or claims. However, CANADA said this would require considerable discussion, and the proposal was not included in the text.

ARGENTINA noted different perceptions on whether the risk to individuals serving on Protocol bodies is a significant issue. She suggested that Canada's proposals had "weakened" the current text and urged further consideration of this matter. Parties agreed to a proposal from Brazil for a new paragraph inviting parties to submit their views on the issue by 23 February 2007. The agreed text will be forwarded to SBI.

PROGRESS ON IMPLEMENTATION OF DECISION 1/CP.10: Co-Chairs Churie-Kallhauge and Adejuwon convened informal consultations on progress on the implementation of Decision 1/CP.10 (response measures). Parties discussed the Co-Chairs' draft conclusions on consideration of the expert meeting reports on response measures (FCCC/SBI/2006/13) and on economic diversification (FCCC/SBI/2006/18). There was disagreement over a paragraph listing issues discussed at the SBI, and favored for inclusion by developing countries. Chair Churie-Kallhauge invited parties to consider a replacement opening paragraph indicating that SBI had initiated consideration of the reports and had agreed that the issues identified for further consideration should serve as the basis for future discussion.

TECHNOLOGY TRANSFER: The Co-Chairs distributed draft conclusions and a draft decision. Parties negotiated the preambular section of the draft decision paragraph-by-paragraph. Parties agreed on, *inter alia*, paragraphs acknowledging work done, referencing the World Bank, GEF and other organizations, and the need to accelerate innovation in the transfer of technology. There was general support for the idea of providing funding for technology needs assessments, though no specific language was agreed. Differences remained on preambular paragraphs regarding intellectual property rights, adequacy of financial mechanisms, and adequacy of the EGTT.

Parties have yet to consider key areas such as funding, monitoring, and which body should address implementation of Convention Article 4.5 (technology transfer) – the EGTT or the G-77/China-proposed "technology development and transfer board" – as well as the body's terms of reference.

IN THE BREEZEWAYS

One contact group chair caught the mood of the meeting at this halfway stage when he greeted participants' congratulations on the completion of negotiations on a draft text with an apology that "we couldn't deal with the underlying issues... but that is for next year." The comment reflects a sense among some that the progress made on a number of issues on a packed day of meetings has only been "tentative" and "modest" with major decisions awaiting an injection of high-level political will.

Looking ahead to the high-level ministerial, some delegates have been absorbing an opinion piece by Kofi Annan for *The Washington Post* on 8 November. The article cited the recent Stern report and made a case for strong action at the Nairobi conference, where Annan will open the high-level session on Wednesday. The Secretary-General is expected to use his visit to Nairobi to champion Africa's climate concerns on the eve of his departure from office.

In other news, speculation was already beginning over where COP 13 and COP/MOP 3 might take place, with Bali apparently in the running.