

COP 12 AND COP/MOP 2 HIGHLIGHTS: TUESDAY, 14 NOVEMBER 2006

On Tuesday, SBSTA, SBI and AWG reconvened to complete their work for the current session. Contact groups and informal consultations were also held throughout the day on issues such as the Adaptation Fund, adaptation programme of work, AWG issues, capacity building, financial mechanism, Special Climate Change Fund, and technology transfer.

SBSTA

ORGANIZATIONAL MATTERS: In the morning, SBSTA adopted the agenda (FCCC/SBSTA/2006/6). Chair Kumarsingh reported agreement that a sub-item on SIDS would be taken up only under the SBI. Jawed Ali Khan (Pakistan) was elected rapporteur for SBSTA 25-26.

RESEARCH AND SYSTEMATIC OBSERVATION: Soobaraj Nayroo Sok Appadu (Mauritius) reported on agreement to consider revised UNFCCC reporting guidelines on global climate change observing systems at SBI 27, and advance the implementation of actions outlined in a regional workshop programme submitted by the GCOS secretariat. SBSTA adopted the conclusions (FCCC/SBSTA/2006/L.22).

METHODOLOGICAL ISSUES: Convention: SBSTA adopted conclusions on issues relating to greenhouse gas inventories under the Convention (FCCC/SBSTA/2006/L.20 & Add.1).

METHODOLOGICAL ISSUES: Protocol: HCFC-22 and HFC-23: SBSTA adopted short conclusions (FCCC/SBSTA/2006/L.23) noting that the issue had not been resolved. CHINA expressed disappointment that agreement had not been possible.

Issues relating to GHG inventories: SBSTA adopted conclusions and a draft COP/MOP decision (FCCC/SBSTA/2006/L.21 & Add.1).

REDUCING EMISSIONS FROM DEFORESTATION: Hernán Carlino (Argentina) highlighted agreement on holding a second workshop. JAPAN urged consideration of social and economic impacts of deforestation. SINGAPORE highlighted the impact of emissions from peatlands. SBSTA adopted conclusions (FCCC/SBSTA/2006/L.25).

PROGRESS REPORTS: SBSTA adopted conclusions on the continuation of activities implemented jointly under the pilot phase, and a draft COP decision (FCCC/SBSTA/2006/L.19 & Add.1). SBSTA also adopted conclusions on an in-session workshop on carbon dioxide capture and storage (FCCC/SBSTA/2006/L.24).

ADAPTATION PROGRAMME OF WORK: Helen Plume (New Zealand) reported agreement on activities of the programme of work on adaptation up to 2008.

Many parties stressed the importance of the programme. MARSHALL ISLANDS, with MICRONESIA, noted that the

programme does not deliver adaptation projects. The UK announced contributions to the work programme, and CANADA welcomed recognition of indigenous knowledge. SBSTA adopted the conclusions (FCCC/SBSTA/2006/L.26).

TECHNOLOGY TRANSFER: Informal consultations on Tuesday resulted in agreement to extend EGTT's mandate and membership for one year, and to forward the draft negotiating texts to SBSTA 26. SBSTA adopted conclusions and a draft COP decision (FCCC/SBSTA/2006/L.27 & Add.1).

ADOPTION OF SBSTA 25 REPORT: Conference Secretary Richard Kinley informed SBSTA of the financial implications of SBSTA 25 decisions and conclusions, and SBSTA adopted the report of the session (FCCC/SBSTA/2006/L.18). Chair Kumarsingh closed SBSTA 25 at 6:49 pm.

SBI

ORGANIZATIONAL MATTERS: Chair Becker reported agreement on a SIDS agenda item resulting in its inclusion under "Other Matters." SBI adopted the agenda (FCCC/SBI/2006/12/Add.1).

The SBI elected József Feiler (Hungary) as SBI Vice-Chair and Margaret Mukahanana-Sangarwe (Zimbabwe) as Rapporteur for SBI 26 and 27.

UNFCCC ARTICLE 4.8 AND 4.9 (ADVERSE EFFECTS): Decision 1/CP.10 (response measures): Angela Churie-Kallhauge (Sweden) reported on consultations, noting no agreement, and said that the outcomes of two expert meetings could be used as the basis of further discussion. Chair Becker said the item would be taken up at SBI 26.

LDCs: SBI adopted conclusions on matters relating to the LDCs (FCCC/SBI/2006/L.23). Chair Becker noted changes in LDC Expert Group membership.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Harald Dovland (Norway) reported agreement during informal consultations to, *inter alia*, maintain current practices on travel for members of constituted bodies, and consider continuing review of the Secretariat at SB 27. SBI adopted conclusions and draft decisions (FCCC/SBI/2006/L.21 & Add.1 & 2).

EDUCATION, AWARENESS AND TRAINING (ARTICLE 6): Draft conclusions (FCCC/SBI/2006/L.26) were adopted outlining the review of the New Delhi work programme in 2007, information exchange on CC:iNet and two recommendations for the GEF.

PROTOCOL ARTICLE 3.14 (ADVERSE EFFECTS AND RESPONSE MEASURES): Al Waleed Hamad Al-Malik (UAE) reported lack of agreement over whether the group should focus on substance or procedure, particularly whether to focus on a recent workshop or on proposals to merge this item with discussions under Protocol Article 2.3. Chair Becker noted that the absence of agreed

conclusions will be reflected in the SBI 25 report and the item will be included on the SBI 26 agenda.

NON-ANNEX I COMMUNICATIONS: Henriette Bersee (Netherlands) reported agreement on the work of the Consultative Group of Experts on National Communications (FCCC/SBI/2006/L.25) and on provision of financial and technical support (FCCC/SBI/2006/L.24). The conclusions were adopted by the SBI. The G-77/CHINA called on developed countries, through the GEF, to meet the full costs incurred by developing countries when preparing second and subsequent national communications.

ANNEX I COMMUNICATIONS: Arthur Rolle (Bahamas) reported on small group negotiations on the synthesis of reports demonstrating progress in accordance with Protocol Article 3.2. He reported no agreement on draft conclusions or on a draft decision acknowledging the progress of Annex I parties and addressing late submission of reports demonstrating progress, and the increasing trend of Annex I parties' emissions. Chair Becker said the issue will be taken up at SBI 26.

AMENDMENT OF PROTOCOL IN RELATION TO COMPLIANCE: Chair Becker reported that the SBI had agreed to consider this at SBI 26 with a view to completing consideration at SBI 27. He undertook to make an oral report to the COP/MOP on Friday.

INTERNATIONAL TRANSACTION LOG: JAPAN expressed concerns regarding payment and timing of fees relating to this issue. SBI adopted the conclusions (FCCC/SBI/2006/L.28).

PRIVILEGES AND IMMUNITIES: Paul Watkinson (France) reported discussions on procedural matters, and proposed continuing discussions in 2007. SBI adopted conclusions and a draft COP/MOP decision (FCCC/SBI/2006/L.22).

ADAPTATION FUND: Adrian Macey (New Zealand) reported agreement on a draft COP/MOP decision, saying it was a significant step forward in operationalizing the Fund. He emphasized that the Fund's principles and modalities were developed without prejudging the final institutional arrangements.

SBI adopted conclusions and a draft COP/MOP decision (FCCC/SBI/2006/L.29 & Add.1). The G-77/CHINA noted it is an "innovative solidarity fund," the EU said it built "new trust" among parties, JAPAN hoped the choice of institution will reflect the Fund's agreed principles and modalities, and TUVALU said the Fund will be "a small lifeline to SIDS."

FINANCIAL MECHANISM: Third review of the financial mechanism: Tina Guthrie (Canada) reported on the outcomes of the contact group where delegates resolved the outstanding issue on the fourth review of the financial mechanism.

SBI adopted conclusions and a draft COP decision (FCCC/SBI/2006/L.32 & Add.1). The G-77/CHINA stressed the need for the financial mechanism to be fully responsive to developing countries' needs, while the EU and AUSTRALIA highlighted the value of looking at all sources of funding for the Convention's implementation.

Report of the GEF: SBI adopted conclusions (FCCC/SBI/2006/L.30).

Additional guidance to the GEF: Tina Guthrie reported lack of agreement in the contact group as reflected in the draft conclusions (FCCC/SBI/2006/L.31). The SBI adopted the conclusions and Chair Becker said he had been mandated by the COP President to continue consultations.

SCCF: Bubu Jallow (Gambia) reported on progress achieved in the contact group. Noting that the text from the group still contained some brackets, Chair Becker introduced his proposal for a draft decision (FCCC/SBI/2006/L.33), which was adopted without amendment.

CAPACITY BUILDING: Convention: Crispin d' Auvergne (Saint Lucia) reported that the contact group had eventually agreed on conclusions and a draft COP decision (FCCC/SBI/2006/L.35 & Add.1), setting out steps to regularly monitor the implementation of capacity building. These were adopted by SBI.

Protocol: The SBI adopted conclusions and a draft COP/MOP decision (FCCC/SBI/2006/L.34 & Add.1). During the contact group, consensus was finally reached to reflect the work of the CDM

Executive Board and the needs of LDCs and SIDS. The EU and JAPAN expressed concern with duplication between contact groups on these issues.

OTHER MATTERS: Level of emissions for Croatia's base year: Jim Penman (UK) reported on the outcomes of informal consultations, and the SBI adopted the draft decision (FCCC/SBI/2006/L.20). The EU noted that the decision does not affect Croatia's baseline for the purposes of implementation of Protocol Article 3.4 (LULUCF additional activities).

SIDS: SBI adopted conclusions on SIDS (FCCC/SBI/2006/L.27). Tuvalu, for AOSIS, the EU and AUSTRALIA welcomed the outcome.

ADOPTION OF SBI 25 REPORT: Conference Secretary Richard Kinley informed parties of the new financial implications of SBI 25 decisions and conclusions, and SBI adopted the report of the session (FCCC/SBI/2006/L.19). Chair Becker closed SBI at 10:20 pm.

AWG

AWG 2 convened for its closing plenary on Tuesday evening. In a final contact group meeting held earlier, Chair Zammit Cutajar distributed revised draft conclusions that set out a vision, schedule and work programme. The EU said the draft lacked vision. INDIA stated that the AWG would have to wait until 2008 before parties could see what Annex I parties were prepared to accept. He proposed deleting text that notes the willingness of Annex I parties to present further information on determining further commitments. The G-77/CHINA said the Chair had achieved a remarkable balance of concerns, leaving everyone equally unhappy. Parties agreed to the draft conclusions with the exception of the reference to the willingness of Annex I parties to present further information.

In the plenary, AWG adopted conclusions (FCCC/KP/AWG/2006/L.4). JAPAN expressed concern about a reference to the Protocol's market mechanisms. The EU expressed regret that not all parties could agree to the 2°C objective, and AOSIS added that for vulnerable countries a 2°C increase is too high. The G-77/CHINA and AFRICA GROUP expressed disappointment at the absence of a deadline for completing the work programme. AWG adopted the report of the session (FCCC/KP/AWG/2006/L.3), and the Chair closed AWG 2 at 7:47 pm.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

BELARUS PROPOSAL: Thelma Krug (Brazil) chaired a second informal consultation on the Belarus proposal to amend Annex B by specifying a reduction commitment at 95% of its 1990 base year. Several developed countries said the level of commitment should take into account scientific and technical information. Parties noted assurances that Belarus would not take advantage of the forest management provisions under Article 3.4 for the first commitment period, and would review the use of carbon trading.

JOINT IMPLEMENTATION: Informal discussions continued in the afternoon with disagreements reported on the issue of remuneration of JISC members.

IN THE BREEZEWAYS

Delegates were surprised at the relative speed with which the SCCF issue was concluded Tuesday and speculated that this might be linked to progress on the Adaptation Fund. Skeptics, however, recalled the climate process is in the habit of collecting "empty funds." Nevertheless, with agreement on the majority of items under the financial mechanism, some delegates reportedly glimpsed the first steps in the confidence building process that will be required to pull together a post-2012 regime.

Others observed the beginnings of attempts to tie up the Russian proposal, the AWG and the Article 9 review in a special "Christmas package" of negotiating opportunities and issue linkages. An Indian delegate caught the mood of negotiations on future commitments when he compared the long wait that will precede the unveiling of future Annex I commitments with marriage customs where "the groom must await the wedding night before viewing the bride."