

COP 11 AND COP/MOP 1 HIGHLIGHTS: THURSDAY, 1 DECEMBER 2005

On Thursday, delegates convened in a dozen contact groups and several informal consultations on agenda items under the COP, COP/MOP and subsidiary bodies. Contact groups convened to discuss the CDM Executive Board's report, implications of the CDM for other environmental treaties, joint implementation (JI), capacity building under the Kyoto Protocol, the Protocol's international transaction log, Protocol Article 3.9 (future commitments), research and systematic observation, deforestation in developing countries, Annex I communications, the IPCC Special Report on carbon dioxide capture and storage, the Secretariat's institutional linkage to the UN and privileges and immunities of individuals serving on bodies established under the Protocol. Informal consultations covered issues such as technology transfer, mitigation, and the financial mechanism.

CONTACT GROUPS

ADMINISTRATIVE MATTERS: This contact group considered two matters – the institutional linkage of the Convention secretariat to the UN, and privileges and immunities for individuals serving on constituted bodies under the Kyoto Protocol. Regarding institutional linkages, delegates discussed a draft COP decision that Co-Chair Nakayama said was consistent with previous COP decisions. No major disagreements arose, and delegates agreed to return to the text at the next contact group meeting. On privileges and immunities, delegates agreed to take this item up at the group's next meeting to give Parties more time to consider the Secretariat's proposals (FCCC/KP/CMP/2005/6). A representative from the CDM Executive Board will be invited to explain Board members' concerns.

ANNEX I COMMUNICATIONS: Delegates reviewed a draft COP decision and offered initial comments on a draft COP/MOP decision. On the COP decision, they agreed to a US proposal to note the need to streamline the review procedures in light of the additional review requirements for Annex I Parties that are also Parties to the Kyoto Protocol. Delegates also agreed to text requesting the Secretariat to organize a "centralized" rather than "expedited" review of the fourth national communications. The group then discussed an EU proposal, opposed by the US, to add reference to the year 2007 when noting that annual inventory reviews for 2006 may be delayed in order to facilitate coordination with other review processes. The Co-Chairs will produce a revised draft COP decision for consideration at the next contact group meeting, at which time delegates will also review the draft COP/MOP decision.

CAPACITY BUILDING (KYOTO PROTOCOL): Co-Chairs Goco and Turesson explained that the contact group would work on two draft decisions, one for developing countries and one for countries with economies in transition. JAPAN said discussions should focus on the framework, as mandated by Decision 3/CP.7. The G-77/CHINA stressed capacity building for the CDM. JAPAN said this should be considered in the CDM contact group. SOUTH AFRICA underscored that capacity building is a cross-cutting issue.

CDM EXECUTIVE BOARD REPORT: The first session of this contact group focused on identifying and clarifying issues the group should address. The group decided to consider general CDM implementation issues, including the registration deadline for prompt-start projects, environmental integrity, CDM's continuity after 2012, cooperation with entities from non-Kyoto Parties, and technology transfer. JAPAN said carbon dioxide capture and storage technologies should not be excluded from the CDM, and BRAZIL called for COP/MOP 1 guidance on this issue.

The group also discussed working on CDM governance, the Board's management plan and financing. The EU said these discussions should take priority given the need to process a large number of projects in the next few years.

The contact group also identified the need to discuss baselines and methodologies, including additionality and methodologies for certain project types such as transport and energy efficiency. In addition, the group highlighted participation and capacity building issues, and identified LDCs, Africa, small-scale projects and non-renewable biomass as areas needing discussion. The AFRICA GROUP called for specific decisions on capacity building for Africa, adding that the issue could also be discussed in the contact group on capacity building under the Protocol.

During informal consultations held later in the day, Parties considered a Co-Chairs' proposal, which has a preamble and five general headings and addresses issues identified in the morning. Delegates also heard a presentation on the proposal to channel 20 cents per CER to CDM administrative expenses.

DEFORESTATION IN DEVELOPING COUNTRIES: Having agreed to request Parties' submissions to start a process on this issue, delegates discussed whether to focus the submissions on technical issues or to address policy issues as well. Most Parties supported a broader approach, while the US preferred focusing on scientific, technical and methodological issues under SBSTA. Emphasizing a preference for a broader approach, TUVALU, supported by BRAZIL, CHINA, SWITZERLAND and others, suggested referring the matter both

to SBSTA and SBI. Chair Hernán Carlino will prepare a draft COP decision, which will be available before the next contact group meeting on Monday, 5 December.

EDUCATION, TRAINING AND PUBLIC AWARENESS

(UNFCCC ARTICLE 6): The contact group reconvened on Thursday morning to discuss draft conclusions developed by Chair D'Auvergne. Delegates approved paragraphs on regional workshops, the New Delhi Work Programme on Article 6, and financing. They also agreed to text requesting: a synthesis report on recent workshops prior to SB 25; submissions on the CC:iNet online information clearinghouse by 4 August 2006; and a workshop on SIDS before SB 24. Several developing countries noted the lack of internet access in some regions and the value of national focal points. NAMIBIA suggested additional text on this matter. Chair D'Auvergne said revised text would be ready on Friday morning.

INTERNATIONAL TRANSACTION LOG: The Secretariat explained the evolution of work on modalities of accounting of assigned amounts since Decision 19/CP.7. He explained that this decision had been formally adopted by COP/MOP 1 on Wednesday, when Parties adopted the Marrakesh Accords. He outlined other decisions already taken on this issue, including 16/CP.10, which sets out tasks for the international transaction log administrator. Chair Murray Ward (New Zealand) introduced a draft decision on the first annual report of the administrator. Several Parties welcomed progress and provided initial comments. A further meeting will be held.

IPCC'S SPECIAL REPORT ON CARBON DIOXIDE CAPTURE AND STORAGE:

The EU, supported by SAUDI ARABIA and others, proposed holding an intersessional workshop to enable further discussion on carbon dioxide capture and storage. The US said such a workshop should focus on experiences. NORWAY, the EU and G-77/CHINA noted that consideration of ocean storage is premature. AOSIS expressed concern regarding the risks involved in carbon dioxide capture and storage, and LIBYA said more research was needed. AUSTRALIA, with the G-77/CHINA, stressed the need for demonstration projects in both developed and developing countries. IRAN asked for inclusion of such projects in the CDM, while CHINA said "the door should be left open" for this. Co-Chairs Agyemang-Bonsu and Verheye will consult informally.

JOINT IMPLEMENTATION (PROTOCOL ARTICLE 6):

Chair Stoycheva listed issues on which COP/MOP 1 guidance to the JI Supervisory Committee is needed, including funding and management, the use of CDM baseline methodologies, the use of the CDM project design document and designated operational entities (DOEs), and procedures for JI projects already implemented.

The EU, supported by CANADA, the RUSSIAN FEDERATION and others, emphasized that JI should start immediately and that lessons from the CDM should be used as much as possible, including accreditation of DOEs for JI. China, for the G-77/CHINA, noted differences between CDM and JI, cautioning that DOEs and CDM methodologies should not be applied automatically. Chair Stoycheva said she would prepare a draft decision by Friday.

METHODOLOGICAL ISSUES: Implications of the CDM for Other Environmental Treaties:

Chair Børsting explained that, based on Parties' submissions and views, three options to address perverse incentives from the crediting of HFC-23 destruction had been identified: to adopt principles that would apply to CDM baseline methodologies; to agree on more specific measures to avoid negative impacts of such projects undergoing the CDM approval process; and to exclude HFC-23 destruction from crediting. COLOMBIA, PERU and others supported

exclusion, while CHINA, the EU, CANADA, and others suggested considering various technical options. Chair Børsting will prepare a draft text.

PROTOCOL ARTICLE 3.9 (FUTURE

COMMITMENTS): Three submissions, prepared by the G-77/China, EU and Japan, were presented. Recalling the Berlin Mandate, the G-77/CHINA proposal calls for an open-ended *ad hoc* group to consider further commitments from Annex I countries with a view to adopting a result at COP/MOP 4. The EU proposal recalls, *inter alia*, Protocol Article 9 (review of the Protocol), decides to initiate consideration of Annex I commitments in accordance with Article 3.9, and invites Parties to make submissions for further consideration at SB 24. Also recalling Article 9, Japan's proposal recognizes that the Protocol is only a first step. Noting that emissions in non-Annex I countries are growing rapidly, it proposes initiating further consideration of Annex I commitments and preparing a review under Article 9, and recommends that COP 12 starts a review of the UNFCCC to construct an effective framework in which all Parties participate.

Parties agreed on the importance of this issue for the legitimacy of the Protocol and on the need to start a process with a clearly defined timeline. The G-77/CHINA, opposed by the EU and JAPAN, requested that their proposal be used as the basis of negotiations. The Co-Chairs will prepare a compilation document for Saturday's contact group meeting.

RESEARCH AND SYSTEMATIC OBSERVATION:

Delegates presented initial views on various issues, including FAO's standards for terrestrial observations, the GCOS comprehensive report (requested by Decision 5/CP.10) and its timing, national communications' reporting guidelines, oceanic observations, the need for data exchange and international data exchange centers, a regional workshop programme, and capacity building, particularly in Africa. Co-Chairs Rösner and Gwage will prepare draft conclusions.

INFORMAL CONSULTATIONS

FINANCIAL MECHANISM: Informal consultations were undertaken throughout the day on various issues, including the Special Climate Change Fund, the Adaptation Fund, the Report of the GEF, and matters relating to implementation of Decision 5/CP.8. The contact group will reconvene on Friday.

MITIGATION: Some progress was reported on the Co-Chair's draft text. However, no agreement was reached on an intersessional workshop, and there was no discussion on lessons learned, which will be considered in the contact group on Friday.

TECHNOLOGY TRANSFER: Informal discussions revolved around the issue of whether to have a joint conclusion or two separate conclusions for agenda items 8a (implementation of the framework) and 8b (EGTT Work Plan), with the G-77/CHINA expressing concern that separate conclusions may lead to separate agenda items for technology transfer in the future. There was general agreement on EGTT's 2006 Work Plan, except on the issue of public technologies.

IN THE CORRIDORS

The action on Thursday moved out of plenary and into contact groups and informal consultations. Some issues – such as UNFCCC Article 6 or the international transaction log – did not cause much of a sensation outside the room. However, the group on Protocol Article 3.9 (future commitments) held late in the evening certainly did cause a stir in the corridors, not least because it was so well attended that many could not even get through the door. This is the issue one delegate dubbed, "the 800 pound sleeping gorilla we've all been trying not to wake!" However, with three proposals already on the table and 300 delegates squeezing into a room designed to hold about 100, the "sleeping gorilla" could be about to wake.