

## COP 12 AND COP/MOP 2 HIGHLIGHTS: MONDAY, 13 NOVEMBER 2006

On Monday, the COP/MOP plenary convened to consider the Russian proposal on voluntary commitments. There were also contact groups and informal consultations throughout the day and into the night on issues such as the Adaptation Fund, adaptation programme of work, Annex I communications, AWG issues, capacity building, the CDM, Decision 1/CP.10 (in relation to response measures), deforestation, education and public awareness (UNFCCC Article 6), the financial mechanism, Joint Implementation Supervisory Committee (JISC), Kazakhstan's base year, review of the Protocol (Article 9), Special Climate Change Fund, and technology transfer.

### COP/MOP

William Agyemang-Bonsu (Ghana) reported on the status of consultations on the Russian proposal on procedures for the approval of voluntary commitments. He recalled the outcome of informal consultations during SB 24. These sought parties' views on how to address the proposal while not considering its substance, and highlighted options for further action, such as addressing the issue in SBI, AWG, under Article 9 (review of the Protocol), or under the Dialogue on long-term cooperative action. He also noted that, while some parties supported referring the issue to SBI on the understanding that no amendment of UNFCCC and Protocol would be needed, others requested more time for consideration.

He further reported on informal consultations conducted on Friday and Saturday, during which one delegation proposed postponing substantive discussions on the matter and adopting a procedural decision at COP/MOP 2, while two delegations favored referring the matter to SBI. President Kibwana deferred consideration of the issue in plenary until later in the week.

### CONTACT GROUPS AND INFORMAL CONSULTATIONS

**ADAPTATION FUND:** Co-Chairs Gwage and Macey presented a draft COP/MOP 2 decision. Significant parts of the text remained bracketed, including on full adaptation cost basis for projects, a country-driven approach, the Fund's membership, and a request to SBI to develop recommendations for COP/MOP on the Fund's eligibility criteria, priority areas, monetizing the share of proceeds, and institutional arrangements.

The G-77/CHINA suggested addressing governance issues. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP, tabled an alternate proposal which links principles and modalities. CANADA proposed focusing on "manageable" outcomes.

**ADAPTATION PROGRAMME OF WORK:** In the early afternoon, Co-Chair Plume reported that timing issues addressed during morning and lunch time informals were still under consideration. With this in mind, parties considered the draft text paragraph by paragraph. Several changes were made, in particular on climate modeling, scenarios and downscaling; and on climate-related risks and extreme events. However, several brackets remained. After small group consultations in the late evening, progress was reported on timing issues, although questions relating to an advisory working group were still to be addressed.

**ANNEX I COMMUNICATIONS: Protocol Article 3.2 (demonstrable progress):** Co-Chairs Bersee and Rolle convened their fourth and final round of informal consultations on the synthesis of reports in accordance with Protocol Article 3.2. No agreement was reached and the matter will be taken up at the SBI plenary. There was a lack of agreement among parties on how to approach the issue, with Annex I parties preferring an overview of their movement on Protocol commitments, while developing countries sought to reflect a more detailed assessment.

**AWG ISSUES:** During informal consultations in the morning, Chair Zammit Cutajar circulated revised draft conclusions for discussion on further commitments for Annex I parties. Developing countries proposed amendments to specify that the AWG work programme's analysis of mitigation potential will refer to Annex I parties, and take account of impacts, to clarify the basis of the AWG's work, and to specify that work on setting targets includes consideration of quantified emission limitation and reduction objectives for Annex I parties. One delegate proposed a reference to bunker fuels. Some developed countries expressed concerns about: references to impacts; attempts to limit references only to Annex I parties and absence of references to a wider context; and resistance to the prospect of including reference to a 2°C temperature stabilization goal. In the afternoon, the Chair convened a smaller group to continue work on draft revisions.

**CAPACITY BUILDING: Convention:** In a short contact group session on Monday morning, the G-77/CHINA reiterated its dissatisfaction on the exclusion of elements of its proposed text. Bilateral and small group consultations were held throughout the afternoon in an effort to break the deadlock. In the evening, delegates considered text line-by-line, resulting in all operative paragraphs in the draft decision being agreed, including text on steps for monitoring capacity building and on a future workshop. However, preambular paragraphs and language for the draft conclusions had yet to be finalized.

**Protocol:** During a morning contact group meeting, little progress was made, with much debate on the operational paragraphs. PAKISTAN added text regarding assistance in CDM activities to new Protocol signatories. SOUTH AFRICA expressed concern that capacity building activities reported to the Secretariat should only include those activities that are in line with host countries' priorities. Discussions will continue Tuesday.

**DEFORESTATION:** Co-Chair Rosland reported on agreement reached during informal consultations and presented draft SBSTA conclusions. Issues that have been resolved include an invitation to include in parties' submissions consideration of "relevant provisions" of other conventions and the work of multilateral organizations, including UNFF, the International Tropical Timber Organization and WTO. Parties also agreed to request the Secretariat to compile and make available additional information provided by parties on emissions and trends in deforestation, data needs and policies and programmes, and to provide a short presentation on these at the second workshop.

**EDUCATION, AWARENESS AND TRAINING (ARTICLE 6):** Informal consultations resulted in agreement on two SBI recommendations relating to Article 6 that will be forwarded for inclusion in the draft COP decision on "additional guidance to the GEF." These texts urge further funding to implement Article 6 and invite the GEF to produce simple guidelines on how to "enhance Article 6 activities" in project proposals. The timeline for reviewing the New Delhi work programme and a draft for a future work programme were also finalized.

**FINANCIAL MECHANISM:** The contact group convened briefly in the evening to introduce the Co-Chairs' draft conclusions on the GEF's report to the COP; a draft decision on the review of the financial mechanism; and a draft decision on additional guidance to the GEF. Informal consultations followed. Delegates could not reach consensus on preambular references to mitigation and adaptation. On the GEF's performance, delegates did not agree to the Co-Chairs' proposal to simply note conclusions of the Third Overall Performance Study of the GEF (OPS3). A small drafting group met late in the evening.

**JOINT IMPLEMENTATION:** Parties met informally in the afternoon to consider two draft COP/MOP decisions prepared by the Co-Chairs. Agreement was reached on a draft decision adopting the rules of procedure of the JISC. Discussions continued on a draft decision on guidance to JISC.

**INFORMATION ABOUT THE BASE YEAR OF KAZAKHSTAN:** Informal consultations concluded Monday with an agreement on draft conclusions that recall the COP's earlier conclusion that Kazakhstan will become an Annex I party upon ratification for the purposes of the Protocol, while remaining a non-Annex I party under the Convention. In addition, the text notes that "Kazakhstan wishes to use 1992 as its base year for the purposes of the Convention" and requests Kazakhstan to submit its national communication and annual greenhouse gas inventories in accordance with UNFCCC Article 4.2(b) and Article 12 (communication on implementation).

**PROGRESS ON IMPLEMENTATION OF DECISION 1/CP.10:** Co-Chair Churie-Kallhauge presented revised draft conclusions noting discussions at SBI 25 and that talks will continue at SBI 26, with a view to adopting a decision at COP 13. The G-77/CHINA continued to seek the inclusion of direct reference to issues discussed at SBI 25. SAUDI ARABIA proposed adding language calling for submissions to the Secretariat on this issue. However, AUSTRALIA did not support text on submissions.

Expressing disappointment at the lack of a more substantive outcome, the G-77/CHINA, opposed by the EU, proposed an alternative text noting that the group had "failed to reach

conclusions." Due to the lack of agreement, Co-Chair Churie-Kallhauge and the Secretariat explained that no document would be prepared and the SBI Chair would report this at the next SBI plenary.

**REVIEW OF THE PROTOCOL (ARTICLE 9):** In an afternoon informal session, parties engaged in a frank exchange on two draft decisions submitted by the EU and the African Group. Both texts invite parties to submit views and underline consideration of the IPCC AR4. In the Africa Group proposal (FCCC/KP/CMP/2006/CRP.1), COP/MOP, *inter alia*, decides that future reviews should take place every 2-3 years and should be initiated at a future COP/MOP. In the EU proposal, the COP/MOP decides, *inter alia*: that further work on the review shall be conducted at the next sessions of the subsidiary bodies to the Protocol; and that these bodies will coordinate their work and report either to the COP/MOP until completion of the review, or alternatively at COP/MOP 3.

Chair Tudela Abad will circulate compilation draft text and discussions will resume informally on Tuesday afternoon.

**SPECIAL CLIMATE CHANGE FUND:** Delegates discussed Chair Jallow's draft conclusions, focusing on two options regarding the assessment of financed activities on economic diversification. Delegates succeeded in merging the options into one paragraph, which now contains bracketed references to the COP "considering" or "issuing" further guidance on how the Fund "shall" or "may" support concrete implementation projects, as well as two options referencing Decision 5/CP.7 (UNFCCC Article 4, paragraphs 8 and 9).

**TECHNOLOGY TRANSFER:** Parties met in small group consultations throughout the day and in a contact group in the evening. No agreement was reached on the draft conclusions, decision or terms of reference. Major differences remained, with developed countries supporting endorsement and continuation of the EGTT, while G-77/CHINA stated that EGTT is not sufficient and advocated a new body under the Convention, as well as means for monitoring implementation of Convention Article 4.5 (technology transfer). Some developed countries suggested that the G-77/China's position did not reflect those of most G-77/China members' written submissions (FCCC/SBSTA/2006/MISC.10 & Add.1). As the contact group approached the end of its allocated time, SBSTA Chair Kumarsingh reminded parties that having no SBSTA conclusions would result in an implementation gap of at least 18 months. Ghana, for G-77/CHINA, responded that, "we have waited for fourteen years, and if we have to wait one more, so be it." The group will resume consultations on Tuesday morning.

### IN THE BREEZEWAYS

"Intense!" was how one delegate described protracted discussions Monday as contact groups broke into small informals and bilaterals. Several experts began to worry that leaving too much unresolved by the end of the SBSTA and SBI sessions on Tuesday could result in too many issues being carried through to the high-level segment on Wednesday. "It seems as if delegations are still collecting bargaining chips," suggested another.

Delegates have also been discussing UN Secretary-General Kofi Annan's visit to the COP to launch a major capacity building initiative on the CDM. Annan is reportedly planning to use the announcement to underline his particular concern for the world's poorest countries – many of them in Africa – that are least able to cope with the burden of climate change. His speech will also highlight the new threat climate change poses to the Millennium Development Goals.

Meanwhile, NGOs in both Washington and Nairobi have been talking about plans by the UNFCCC Executive Secretary for a tour of the United States to brief leading figures in industry and politics, including incoming House speaker Nancy Pelosi.