

## SUMMARY OF THE TWELFTH CONFERENCE OF THE PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE AND SECOND MEETING OF THE PARTIES TO THE KYOTO PROTOCOL: 6-17 NOVEMBER 2006

From 6-17 November 2006, a series of climate change meetings took place at the UN Office at Nairobi, Kenya. The “UN Climate Change Conference – Nairobi 2006” included the twelfth Conference of the Parties (COP 12) to the UN Framework Convention on Climate Change (UNFCCC) and second Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 2). These events drew over 5,900 participants, including 2,300 government officials, over 2,800 representatives of UN bodies and agencies, intergovernmental organizations and non-governmental organizations, and 516 accredited members of the media.

At COP/MOP 2, parties took up issues relating to the Protocol’s flexible mechanisms, particularly the Clean Development Mechanism and Joint Implementation. Delegates also discussed parties’ compliance with the Protocol, a proposed amendment to the Protocol, as well as capacity building and a number of financial, administrative and other matters. In addition, the first amendment to the Protocol was adopted, allowing Belarus to take on emissions reduction commitments under Annex B to the Protocol.

COP 12 reviewed the implementation of commitments and various other provisions of the Convention relating to such matters as the financial mechanism, national communications, technology transfer, capacity building, and the adverse effects of climate change on developing and least developed countries (LDCs) and of response measures and the special needs of LDCs (Article 4.8 and 4.9).

A major focus of both COP/MOP 2 and COP 12 was on long-term action on climate change and on developing a framework for action once the Kyoto Protocol’s “first commitment period” finishes in 2012. A “multi-track” approach to these issues, agreed at COP 11 and COP/MOP 1, continued in Nairobi. Under the COP, a second workshop under the recently convened “Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention”

was held from 15-16 November. The workshop focused on “advancing development goals in a sustainable way” and “realizing the full potential of market-based opportunities.” The Dialogue also considered the newly published Stern Review on the Economics of Climate Change.

The COP/MOP considered long-term issues under agenda items on a “review of the treaty,” which was mandated for COP/MOP 2 under Article 9 of the Protocol. In addition, discussions were held on a proposal by the Russian Federation on procedures to approve voluntary commitments under the Protocol. Finally, a recently-established subsidiary body under the Protocol – the *Ad Hoc* Working Group on Further Commitments for Annex I parties under the Kyoto Protocol (AWG) – held its second session, from 6-14 November.

The COP and COP/MOP were assisted in their work by the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI), which convened for their 25th sessions from 6-14 November. In addition, numerous contact groups and informal discussions were arranged to help negotiations move forward. These meetings resulted in the adoption of 10 COP decisions and 11 COP/MOP decisions and in the approval of a number of conclusions by the subsidiary bodies.

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In parallel with the negotiations, a joint COP and COP/MOP high-level segment was held from 15-17 November. This was attended by over 100 ministers and other high-level government officials. In addition to these meetings, an estimated 130 “side events” were held on a range of climate change topics. Reports on the side events are available at: <http://www.iisd.ca/climate/cop12/enbots/>.

Unlike the first COP/MOP in Montreal in 2005, the Nairobi conference may not be remembered as one of those critical milestones when a major breakthrough occurred. It did mark an important staging post in a number of ways, though, as negotiators prepare the way for what some hope will be another “momentous meeting” within the next four years.

### A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

Climate change is considered to be one of the most serious threats to sustainable development, with adverse impacts expected on the environment, human health, food security, economic activity, natural resources and physical infrastructure. Scientists agree that rising concentrations of anthropogenically-produced greenhouse gases in the Earth’s atmosphere are leading to changes in the climate. According to the Intergovernmental Panel on Climate Change (IPCC), the effects of climate change have already been observed, and scientific findings indicate that precautionary and prompt action is necessary.

The international political response to climate change began with the adoption of the UN Framework Convention on Climate Change (UNFCCC) in 1992. The UNFCCC sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases to avoid “dangerous anthropogenic interference” with the climate system. Controlled gases include methane, nitrous oxide and, in particular, carbon dioxide. The UNFCCC entered into force on 21 March 1994, and now has 189 parties. The parties to the UNFCCC typically convene annually in a Conference of the Parties (COP), and twice a year in meetings of the subsidiary bodies – the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA).

**THE KYOTO PROTOCOL:** In December 1997, delegates at COP 3 in Kyoto, Japan, agreed to a Protocol to the UNFCCC that commits developed countries and countries in transition to a market economy to achieve emissions reduction targets. These countries, known under the UNFCCC as Annex I parties, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels between 2008-2012 (the first commitment period), with specific targets varying from country to country. The Protocol also establishes three flexible mechanisms to assist Annex I parties in meeting their national targets cost-effectively: an emissions trading system; joint implementation (JI) of emissions-reduction projects between Annex I parties; and the Clean Development Mechanism (CDM), which allows for emissions reduction projects to be implemented in non-Annex I parties (developing countries). Following COP 3, parties began negotiating many of the rules and operational details governing how countries will reduce emissions and measure their emissions reductions. As of November 2006, there were 166 parties to the Kyoto Protocol, including Annex I

parties representing 61.6% of Annex I greenhouse gas emissions in 1990. The Kyoto Protocol entered into force on 16 February 2005.

**BUENOS AIRES PLAN OF ACTION:** The process for finalizing the rules and operational details of the Protocol was agreed at COP 4 in 1998 in a document known as the Buenos Aires Plan of Action (BAPA). The BAPA set COP 6 as the deadline for finalizing these details and strengthening implementation of the UNFCCC. In November 2000, parties met at COP 6 in The Hague, the Netherlands, to complete these negotiations. They were not successful, and COP 6 was suspended until July 2001, when it reconvened in Bonn, Germany. After further talks, parties adopted the Bonn Agreements, a decision that provided high-level political direction on the implementation of the Kyoto Protocol. However, delegates were still unable to finalize text on some issues, and agreed to forward all the draft decisions to COP 7 for final resolution.

**MARRAKESH ACCORDS:** In October and November 2001 at COP 7 in Marrakesh, Morocco, delegates reached agreement on the outstanding matters in the Marrakesh Accords. These Accords consisted of a package of draft decisions on many of the details of the flexible mechanisms, reporting and methodologies, land use, land-use change and forestry (LULUCF), and compliance with the Kyoto Protocol, to be adopted by parties at the first COP/MOP. The Accords also addressed support for developing countries, including capacity building, technology transfer, responding to the adverse effects of climate change, and the establishment of three funds – the Least Developed Countries (LDC) Fund, Special Climate Change Fund (SCCF), and Adaptation Fund.

Delegates built on the Marrakesh Accords at COP 8 and COP 9, elaborating on rules and procedures for the CDM Executive Board, and on modalities and procedures for afforestation and reforestation (A/R) project activities under the CDM. Parties also agreed on two new ongoing agenda items focused on adaptation and mitigation. At COP 10 in Buenos Aires in December 2004, delegates followed up on this with an agreement on the Buenos Aires Programme of Work on Adaptation and Response Measures. However, some issues remained unresolved, including items on the LDC Fund, the SCCF, and Protocol Article 2.3 (adverse effects of policies and measures). Meanwhile, lengthy informal negotiations were held on the complex and sensitive issue of how parties might engage on commitments to combat climate change in the post-2012 period. Delegates agreed to hold a Seminar of Governmental Experts in May 2005, although the terms of reference for the Seminar did not refer specifically to the post-2012 period or new commitments. The Seminar took place in May 2005, and started to address some of the broader issues facing the climate change process.

**COP 11 AND COP/MOP 1:** COP 11 and COP/MOP 1 took place in Montreal, Canada, from 28 November to 10 December 2005. At COP/MOP 1, parties discussed and adopted decisions on the outstanding operational details of the Kyoto Protocol, including formally adopting the Marrakesh Accords. Parties also took decisions on a process to discuss post-2012 commitments,

which included a decision to establish a new subsidiary body, the *Ad Hoc* Working Group on Further Commitments for Annex I parties under the Kyoto Protocol (AWG).

COP 11 addressed issues such as capacity building, technology development and transfer, and several financial and budget-related issues. After lengthy negotiations, the COP also agreed on a process to consider future action under the UNFCCC, which would involve a series of workshops that would constitute a “dialogue” on the matter through to COP 13.

**SB 24 AND AWG 1:** The twenty-fourth sessions of the Subsidiary Bodies and first session of the AWG were held in Bonn in May 2006. Prior to these meetings, the first UNFCCC dialogue on long-term cooperative action was held, as agreed at COP 11.

In the AWG, delegates exchanged initial views on the process for considering future commitments for Annex I parties for the post-2012 period. After extensive consultations, an agreement was reached on a text setting out the AWG’s plans for its future work.

SBI and SBSTA together adopted 30 conclusions and one draft decision. However, most of these texts did not contain substantive agreements, and instead simply forwarded the issues to SB 25 for further consideration.

## REPORT OF COP 12 AND COP/MOP 2

The twelfth Conference of the Parties to the UN Framework Convention on Climate Change (COP 12) and Second Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 2) opened on Monday, 6 November 2006. Parties also met for the twenty-fifth sessions of the Subsidiary Body for Implementation (SBI 25) and the Subsidiary Body for Scientific and Technological Advice (SBSTA 25), and for the second session of the Kyoto Protocol’s *Ad Hoc* Working Group on Further Commitments for Annex I parties under the Kyoto Protocol (AWG 2). As well, a high-level ministerial segment and numerous contact groups and informal consultations took place. These meetings resulted in the adoption of 10 COP decisions and 11 COP/MOP decisions and in the approval of a number of conclusions by the subsidiary bodies. This report summarizes the discussions, decisions and conclusions based on the agendas of the COP, COP/MOP and the subsidiary bodies.

### COP 12 REPORT

COP 12 opened on Monday morning, 6 November. Arthur Moody Awori, Vice-President of Kenya, welcomed delegates. Noting that sub-Saharan Africa will be among the regions hardest hit by climate change, he called for an environmentally sound and equitable global strategy to provide a post-2012 response to climate change.

Anna Tibaijuka, 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.

The COP elected 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 Clean Development Mechanism (CDM) more accessible, Joint Implementation (JI), technology transfer, and maintaining momentum in talks on the future.

Several countries then made opening statements. South Africa, speaking on behalf of the Group of 77 and China (G-77/China), urged agreement on the five-year work programme on adaptation and the Adaptation Fund, supported a wider mandate for the Expert Group on Technology Transfer (EGTT), and called for initiating a process to consider the Resource Allocation Framework (RAF) of the Global Environment Facility (GEF).

Niue emphasized the need for technological and financial assistance for adaptation. Finland, on behalf of the European Union (EU), highlighted the Stern Review and stressed the need for long-term action where adaptation complements mitigation.

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 Fund and Adaptation Funds. Bangladesh, for the LDCs, urged compensation for victims of climate change and immediate funding and implementation of completed National Adaptation Plans of Action (NAPAs).

Australia, for the Umbrella Group, highlighted adaptation and technology transfer, the AWG and the Russian proposal on voluntary commitments. Saudi Arabia called for progress on the issue of impacts on developing countries arising from countries’ responses measures to climate change.

### ORGANIZATIONAL MATTERS

**ADOPTION OF THE RULES OF PROCEDURE:** Parties agreed to continue applying the draft rules of procedure with the exception of draft rule 42 on voting (FCCC/CP/1996/2).

**ADOPTION OF THE AGENDA:** Parties considered the provisional agenda (FCCC/CP/2005/1), with the exception of the item on the second review of the adequacy of UNFCCC Article 4.2(a) and (b) (policies and measures on emissions and removals from sinks), which has been held in abeyance at every COP since COP 4.

Parties discussed an agenda item on small island developing states (SIDS), with the US noting overlaps with other agenda items, and Tuvalu stressing that removing this item would send a signal that the international community is not concerned about SIDS’ welfare. This item also appeared on the provisional agendas of the SBI (FCCC/SBI/2006/12 & Add.1) and SBSTA (FCCC/SBSTA/2006/6), and was the subject of informal consultations. While some SIDS wanted a specific COP agenda item on SIDS’ issues, including on the Mauritius Strategy, other parties, including the US, argued that it was covered under other items and should not be dealt with under multiple agendas, or should even be removed altogether. A compromise was eventually agreed whereby the item was included under “Other Matters” under the SBI agenda.

Regarding COP 12's organization of work, President Kibwana noted agreement at SBI 24 that meetings after 6:00 pm should only be held under exceptional circumstances, and said the Bureau would decide whether such circumstances exist.

**ELECTION OF THE BUREAU:** On Friday, 17 November, the COP elected officers other than the President. The COP Vice-Presidents are: William Agyemang-Bonsu (Ghana), Ibrahim Ahmed Al-Ajmi (Oman), Outi Berghäll (Finland), Erik Bjørnebye (Norway), Feturi Elisaia (Samoa), Alexander Pankin (Russian Federation), and Heorhiy Veremiychyk (Ukraine). Karen Nicole Smith (Barbados) was elected as COP Rapporteur, Bagher Asadi (Iran) was elected Chair of SBI, and Kishan Kumarsingh (Trinidad and Tobago) was re-elected as SBSTA Chair.

**OFFER TO HOST COP 13 AND COP/MOP 3:** The COP adopted a decision noting with appreciation Indonesia's offer to host the COP and COP/MOP from 3-14 December 2007, in Bali, requesting the UNFCCC Executive Secretary to continue consultations on this matters, and agreeing on the upcoming calendar of meetings (FCCC/CP/2006/L.5).

Delegates also admitted the list of organizations as observers (FCCC/CP/2006/2) and the report on credentials submitted by parties (FCCC/CP/2006/4).

#### **REPORT ON THE DIALOGUE ON LONG-TERM COOPERATIVE ACTION UNDER THE CONVENTION**

The second workshop of the Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention took place on Wednesday and Thursday, 15 and 16 November. It was co-facilitated by Sandea De Wet (South Africa) and Howard Bamsey (Australia). The dialogue, agreed at COP 11, has four themes: advancing development goals in a sustainable way; realizing the full potential of market-based opportunities, addressing action on adaptation and realizing the full potential of technology. On 15 November, delegates heard presentations on the Stern Review on the Economics of Climate Change, and the World Bank Investment Framework on Clean Energy and Development. Participants heard presentations about China's 11th Five-year Plan, impacts of hurricanes on SIDS, Brazil's proposal to provide positive incentives to reduce emissions from deforestation in developing countries, integrating climate change into development strategies and the relationship between the Millennium Development Goals (MDGs) and climate risks.

On 16 November, the workshop continued interactive discussions on the theme of advancing development goals in a sustainable way. It also addressed the theme realizing the full potential of market-based opportunities, and presentations from other processes and initiatives, with several presentations and interventions by many parties. (For complete coverage of the workshop visit: <http://www.iisd.ca/vol12/enb12316e.html> and <http://www.iisd.ca/vol12/enb12317e.html>.)

During closing COP plenary on 17 November, Co-Facilitator Bamsey gave an oral report on the workshop. The COP decided that the third workshop will focus on the themes addressing action on adaptation and realizing the full potential of technology, and that the fourth workshop will be

held intersessionally, likely in September 2007. The COP also requested the Secretariat to provide an analysis of existing and planned financial flows related to climate change.

#### **REVIEW OF IMPLEMENTATION OF COMMITMENTS AND OTHER PROVISIONS OF THE CONVENTION**

**FINANCIAL MECHANISM:** Issues related to the financial mechanism of the Convention (FCCC/SBI/2006/11 Annex I, FCCC/CP/2006/3 and Corr.1, and FCCC/SBI/2006/INF.1) were introduced in SBI plenary on 7 November and subsequently addressed in contact groups and informal consultations from 8-14 November. Informal consultations on the SCCF were coordinated by Bubu Pateh Jallow (Gambia), while the third review of the financial mechanism, report of the GEF and additional guidance to the GEF were addressed in a contact group co-chaired by Tina Guthrie (Canada) and Osita Anaedu (Nigeria). In plenary, on 14 November, the SBI adopted conclusions on the report of the GEF, and conclusions noting lack of consensus on additional guidance to the GEF, and forwarded draft decisions to the COP for its consideration. The COP adopted decisions on the financial mechanism, including guidance to the GEF, on 17 November.

**SCCF:** Discussions focused on finalizing guidance to the GEF on the SCCF's two remaining "windows" on sectoral activities and economic diversification. Several developed countries stressed the need to fully operationalize the Fund. During informal discussions, delegates agreed on priority areas to be financed, and on a staged approach to the COP's review of SCCF implementation in such areas. The main points of disagreement between the EU and G-77/China were references to the COP's further guidance to the GEF on economic diversification; support for concrete implementation projects, and references to Decision 5/CP.7 (response measures). The last issues to be resolved included the COP's further guidance on supporting concrete implementation projects.

**COP Decision:** In the final decision (FCCC/SBI/2006/L.33), the COP notes the concerns expressed by most non-Annex I parties regarding the GEF's operational criteria and policies for SCCF activities in an initial five-year period and acknowledges the GEF's work to operationalize the SCCF. The decision lists priority areas for activities under the two remaining "windows." It also contains a provision on assessment, at COP 15, the status of implementation of activities on economic diversification, with a view to considering further guidance on how the Fund shall support concrete implementation projects. It further requests the GEF to strictly adhere to COP decisions and report on their implementation at COP 13.

**THIRD REVIEW OF THE FINANCIAL MECHANISM:** While developed countries expressed in general their satisfaction with the GEF's performance, many developing countries expressed numerous concerns relating to the resource allocation framework (RAF), conclusions of the Third Overall Performance Study of the GEF (OPS3), conditionalities of funding, and the replenishment process. Following deliberations on the GEF's performance, delegates agreed to request the GEF to report on issues of concern ahead of the financial mechanism's fourth review, but discussions on specific elements of the report dragged on.

Another major area of disagreement was whether adaptation or mitigation activities should be assigned a higher priority and greater share of financing, with the US and EU favoring mitigation in accordance with Convention Article 2 (Objective) and COP guidance, and the G-77/China stressing adaptation as the key concern for developing countries and the need for the financial mechanism to be fully responsive to developing countries' needs. Following numerous informal and bilateral consultations, the group eventually agreed on a compromise text by referencing both mitigation and adaptation in the preamble as well as the section on the fourth review of the financial mechanism.

**COP Decision:** In its decision (FCCC/SBI/2006/L.32/Add.1), the COP notes recommendations for improvements in the financial mechanism's operations.

The COP also invites the GEF to review the coherence, and revise as necessary, its climate change focal area operational programmes in light of OPS3 recommendations. It also requests the GEF, *inter alia*, to:

- give due priority to adaptation activities;
- explore options for undertaking land use and land-use change projects within the climate change focal area;
- recognize and respond to SIDS' and LDCs' challenges in accessing GEF funding; and
- report at COP 13 on its response to the OPS3 recommendations, private sector engagement, awareness-raising activities, and steps to assist developing countries to formulate project proposals.

The COP further requests the SBI to initiate the fourth review of the GEF at SB 27, which should assess and review the GEF funding for mitigation and response to the adaptation needs of developing countries in accordance with COP guidance. The COP requests the Secretariat to prepare an overview of sources of funding to assist developing countries in meeting their UNFCCC commitments, and an assessment of the funding necessary for such activities under the next GEF replenishment cycle.

**Report of the GEF:** In its report (FCCC/CP/2006/3), the GEF highlighted climate change as the fourth replenishment's highest-ever allocation. The G-77/China requested that the GEF also report on predictable and available funding for implementation, and said that RAF indicative allocations disadvantage most developing countries. The EU stressed the RAF's mid-term review. In its conclusions (FCCC/SBI/2006/L.30), SBI takes note of the GEF report.

**Additional guidance to the GEF:** Main issues discussed focused on: streamlining GEF procedures; enhanced country ownership of projects; increased support for adaptation and technology transfer; co-financing for adaptation projects; and implications of the RAF. Developing countries repeatedly questioned the GEF's performance and adherence to the COP's guidance, and no agreement was reached in the contact group, as reflected in the SBI conclusions (FCCC/SBI/2006/L.31). During the SBI closing plenary, on 14 November, SBI Chair Thomas Becker (Denmark) said he had been mandated by the COP President to continue consultations, which resulted in the COP decision adopted on 17 November.

**COP Decision:** In its decision (FCCC/CP/2006/L.4), the COP notes developing countries' concerns over the implications of the GEF's co-financing requirements, in particular for adaptation projects, and requests the GEF, *inter alia*, to:

- further simplify procedures;
- explore options to address developing countries' concerns on co-financing;
- report on resources available to each developing country under the RAF; and
- support technology transfer implementation.

The COP further invites the GEF to:

- simplify procedures for non-Annex I countries to access funding for the CDM, with the aim of ensuring timely disbursement of funds to meet the agreed full costs of such activities;
- report on expedited financing of national communications from non-Annex I parties at SB 26;
- take into account actions to address barriers and constraints related to technology needs assessments; and
- produce simple guidelines on education, training and awareness elements of project proposals.

**ANNEX I COMMUNICATIONS:** This issue was taken up in SBI plenary on 6 November. Discussions focused on the Secretariat's report on national greenhouse gas inventory data from Annex I parties (FCCC/SBI/2006/26). The G-77/China expressed concern at rising Annex I greenhouse gas emissions and delays in reporting, urging full implementation of Protocol commitments. The EU expressed confidence that it will meet its Kyoto targets. Australia contested the report's presentation of national greenhouse gas inventory data, especially exclusion of LULUCF data. The SBI noted the report in plenary.

**CONSULTATIVE GROUP OF EXPERTS ON NON-ANNEX I NATIONAL COMMUNICATIONS:** The SBI took up consideration of the work of the Consultative Group of Experts on National Communications from non-Annex I parties (CGE) in plenary on Monday, 6 November. The CGE reported on regional training workshops on vulnerability and adaptation and on access to financial and technical support (FCCC/SBI/2006/25). Arthur Rolle (Bahamas) and Henriette Bersee (Netherlands) conducted three informal consultations to consider two sets of draft conclusions, on the work of the CGE and on the provision of financial and technical support.

Developing countries treated the two draft conclusions as a package. On the work of the CGE, parties agreed to amendments on bottom-up approaches to vulnerability, and on a workshop on sharing good practices in national communications and cross-cutting issues. On provision of financial and technical support, they agreed to 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. SBI agreed to two draft conclusions.

**SBI Conclusions:** In its first set of conclusions (FCCC/SBI/2006/L.25), the SBI:

- notes the oral report of the CGE Chair on the outcome of the group's seventh meeting in Pretoria, South Africa, on 25-26 September 2006;
- notes the outcomes of a "hands-on" training workshop on vulnerability and adaptation assessments for the Latin American and Caribbean region;
- requests the CGE to continue providing technical advice to parties on the availability and use of tools and methodologies for bottom-up approaches to vulnerability and adaptation assessments;
- notes the outcomes of a hands-on training workshop on national greenhouse gas inventories for the African region;
- endorses the CGE's work programme for 2007, in cooperation with the National Communications Support Programme; and
- notes the need for more resources, together with those pledged by Canada, to support a workshop on exchange of experiences and good practices in preparing national communications and on cross-cutting issues.

In the second set of conclusions (FCCC/SBI/2006/L.24), the SBI:

- welcomes information from the GEF on financial support for the preparation of initial and subsequent national communications from non-Annex I parties;
- invites the GEF to continue providing information on these activities, including information on dates of approval of funding and disbursement of funds, for consideration at SBI 27;
- expresses appreciation to the CGE for a document (FCCC/SBI/2006/24) on ways to improve access to financial and technical support to prepare second and subsequent communications; and
- recommends that COP 12 invite the GEF to provide updated information on the operational procedures for the expedited financing of national communications, for consideration at SBI 26.

**TECHNOLOGY TRANSFER:** This item was introduced in the SBSTA plenary on 6 November, and then considered in informal consultations and contact group meetings co-chaired by Kunihiro Shimada (Japan) and Carlos Fuller (Belize). Delegates were asked to consider the EGTT's 2006 report (FCCC/SBSTA/2006/INF.8), and the technical paper on innovative financing for technology transfer (FCCC/TP/2006/1).

The main issue under discussion was the review of the mandate of the EGTT, which expired at this session, and to decide on a new mandate and/or the continuity of the EGTT. Significant disagreements started early on, with Ghana, for the G-77/China, tabling an elaborate text proposing, *inter alia*: establishing a new body under the Convention, the Technology Development and Transfer Board (TDTB), establishing a Multilateral Technology Acquisition Fund (MTAF) to buy intellectual property rights; and developing indicators to monitor implementation of the technology transfer framework. Developed countries advocated instead continuing and strengthening the EGTT. No agreement was reached on the proposed TDTB, MTAF, monitoring mechanisms or continuation of the EGTT. During the last night of negotiations, SBSTA Chair Kumarsingh informed participants that if no decision was made at COP 12, there would be a gap in implementation of the technology

transfer framework of at least 18 months, 12 months for a new decision at COP 13 and 6 months for implementation at SBSTA 28. Faced with this prospect, parties agreed to extend the EGTT work programme and membership for one year, and continue discussions at SBSTA 26. SBSTA adopted conclusions on 14 November, and COP adopted a decision on 17 November. All involved parties expressed disappointment that no agreement had been reached.

**SBSTA Conclusions:** In its conclusions (FCCC/SBSTA/2006/L.27), SBSTA, *inter alia*: welcomes the EGTT's annual report (FCCC/SBSTA/2006/INF.8); and, taking into consideration activities identified in this report, requests the Secretariat to: prepare a paper and organize a workshop on good practices with conducting technology needs assessments; organize a small seminar for technology information centers; prepare a summary of EGTT achievements; and prepare a scoping paper on joint research and development.

**COP Decision:** In the decision (FCCC/SBSTA/2006/L.27/Add.1), the COP decides to extend the EGTT for one year including its membership and to forward a bracketed text to SBSTA 26 for its consideration. The bracketed text includes references to: the five themes listed in the framework; reconstitution of the EGTT; TDTB; establishment of MTAF; and development of indicators to monitor implementation of the technology transfer framework. The bracketed text also includes terms of reference for EGTT/TDTB.

**CAPACITY BUILDING UNDER THE CONVENTION:** This issue was introduced in SBI plenary on 7 November, when the Secretariat reported on capacity-building implementation, the GEF's development of capacity-building performance indicators (FCCC/SBI/2006/5; FCCC/SBI/2006/16; FCCC/SBI/2006/22) and parties' views on regular monitoring (FCCC/SBI/2006/MISC.4, Corr.1 and Add.1).

In the following contact groups and informal consultations, co-chaired by Crispin d'Auvergne (Saint Lucia) and Helmut Hojesky (Austria), progress on this agenda item was slow. Two texts were proposed, one from the EU and the other from the G-77/China. At the third meeting, the G-77/China noted missing statements from their proposal including defining areas to be reported on in monitoring capacity building, consistency in annual and incremental reporting, and raised concerns about inadequate financial support to implement capacity-building projects. Strong differences in positions resulted in exchanges of opinions with little negotiation on the actual text. Much of the debate centered on whether sections of the text should be preambular or incorporated into decisions.

Bilateral negotiations were held to try reach consensus between the two major negotiating groups. A proposed expert workshop in collaboration with the GEF widely supported at SB24, received mixed reactions, however this was resolved by adjusting the workshop objectives. This item was among the last SBI matters to be concluded, and delayed proceedings at the closing SBI plenary on 14 November, where SBI conclusions and a draft COP decision were finally adopted. The COP adopted the decision on 17 November.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2006/L.35), SBI notes the GEF's progress in developing capacity-building performance indicators, the efforts of various parties

and organizations, and support for the inclusion of outcomes from these activities in the monitoring of the capacity-building framework.

**COP Decision:** In its decision (FCCC/SBI/2006/L.35/Add.1), the COP establishes steps to be taken in annual monitoring implementation of the capacity-building framework, requests holding an expert workshop on monitoring capacity building, and asks the GEF to take account of these steps and provide financial support for these activities.

#### **ARTICLE 4.8 AND 4.9 (ADVERSE EFFECTS):**

##### **Implementation of the Buenos Aires Programme of Work on Adaptation and Response Measures (Decision 1/CP.10):**

This issue was first taken up in SBI on 7 November, with a briefing on intersessional meetings on the topic (FCCC/SBI/2006/13, FCCC/SBI/2006/18 and FCCC/SBI/2006/19). The specific subject of impacts of response measures to climate change was then taken up in a contact group chaired by Angela Churie-Kallhauge (Sweden) and Samuel Adejuwon (Nigeria). In the consultations, there was disagreement over possible draft conclusions on the matter, particularly over a paragraph listing issues raised at the SBI, with Saudi Arabia, Zimbabwe and other developing countries favoring its inclusion and elaboration, while some developed parties preferred a shorter text. With no agreement on a list of topics discussed, Co-Chair Churie-Kallhauge presented revised draft conclusions noting discussions at SBI 25 and proposing their continuation 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, and 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. During the closing SBI plenary, SBI Chair Becker explained that, due to lack of agreement, no formal outcome would be prepared for SBI 25, and the issue would be included on the provisional agenda for SBI 26.

**LDCs:** Matters relating to the LDCs were considered briefly by the SBI on 7 November, with parties noting the report of the LDC Expert Group Chair Bubu Pateh Jallow and progress on NAPAs (FCCC/SBI/2006/23). Chair Becker prepared draft conclusions, which were adopted by SBI on 14 November.

**SBI Conclusions:** The SBI (FCCC/SBI/2006/L.23) notes progress made on NAPAs and the work of the LDC Expert Group. It also requests the Expert Group to convene a meeting to take stock of parties’ progress in NAPA preparation and implementation, and to report at SBI 27.

#### **INFORMATION ABOUT THE BASE YEAR OF KAZAKHSTAN**

In the COP/MOP plenary on 6 November, 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. The EU encouraged Kazakhstan to ratify the Protocol first and defer consideration of its request to COP/MOP 3. Following informal consultations coordinated by Normand Tremblay (Canada), the draft conclusions proposed by the President were adopted by the COP on 17 November.

**COP Conclusions:** In its conclusions (FCCC/CP/2006/L.2), the COP accepts Kazakhstan’s request to use 1992 as its base year for the purposes of the Convention and requests it to submit its national communication and annual greenhouse gas inventory using the relevant UNFCCC guidelines.

#### **ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS**

Issues under this agenda item were taken up in SBI plenary on 6 November, and then in informal consultations coordinated by Harald Dovland (Norway) from 7-11 November. These included financial statements for 2004-2005 (FCCC/SBI/2006/14 and Add.1 and 2), budget performance for 2006-2007 (FCCC/SBI/2006/15 and FCCC/SBI/2006/INF.6), and review of the Secretariat. The SBI conclusions and a draft COP decision were adopted on 14 November. The COP adopted the decision on 17 November.

The Secretariat noted efforts to implement recommendations of previous reports of the UN Board of Auditors and called for parties’ cooperation in addressing arrears in contributions. He also noted that the CDM could become self-financing in 2007. Developing countries highlighted imbalances in UNFCCC staff from Annex I and non-Annex I parties, and urged reflecting their views in budget allocations. The EU proposed discontinuing the Secretariat review. During informal consultations, parties mainly discussed whether or not the review should be continued, agreeing to consider this matter at SBI 27. Parties also agreed to note the continued efforts of the UNFCCC Executive Secretary to ensure a wider geographical balance in senior and managerial appointments.

**COP Decision:** In its decision (FCCC/SBI/2006/L.21/Add.1), the COP, *inter alia*, urges parties to pay outstanding contributions to the core budget, requests the Secretariat to provide more detailed overview of income and expenditures in future reports, agrees to address continuation of the review of the Secretariat at SBI 27, approves the protocol amending the agreement among the Government of Germany, the UN and UNFCCC to reflect the entry into force of the Kyoto Protocol, and invites COP/MOP 2 to endorse this decision.

#### **REPORTS OF THE SUBSIDIARY BODIES**

On 17 November, the COP adopted the reports of the twenty-fifth sessions of the SBSTA (FCCC/SBSTA/2006/L.18) and the SBI (FCCC/SBI/2006/L.19). These reports include numerous items that were subsequently taken up by the COP and/or COP/MOP. However, there were also several items on which conclusions were adopted that were not directly included under the COP’s agenda.. This section provides details on UNFCCC issues taken up in the report of SBSTA and SBI that were not directly included under the COP’s agenda.

**SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE:** Issues addressed by SBSTA 25 related to the UNFCCC included the five-year programme

of work on adaptation, reducing emissions from deforestation in developing countries, research and systematic observation, methodological issues, cooperation with other organizations, and progress reports on a number of relevant issues.

**Adaptation five-year programme of work:** This issue was first presented to the COP plenary on 6 November, and addressed in a number of contact groups and informal consultations, co-chaired by Helen Plume (New Zealand) and Leon Charles (Grenada). Identified by many parties as key to the success of COP 12, it entailed finalizing agreement on the initial activities to be undertaken in the first two years of the adaptation programme of work.

Parties proceeded on the basis of a document prepared by SBSTA Chair Kumarsingh that included technical corrections but no substantial changes from the text forwarded by SBSTA 24. The document contained the initial list of activities, divided into nine sub-themes.

Given the many technical and drafting details that had to be sorted out, besides the more controversial sections, parties agreed to set up a small drafting group to go over the actions and deliverables in the operative paragraphs and clarify timing issues and address more contentious language in informal consultations. The latter centered mainly on the chapeau paragraph of the sub-themes. Progress was made by separating the paragraph into two: one that explains what would be done by the programme of work, and another on potential applications of the deliverables. Overall, differences reflected parties' previously stated positions, with the G-77/China stressing action and learning-by-doing, and the US favoring assessment in accordance with SBSTA's mandate as a body for scientific and technological advice. The US, supported by Canada, also emphasized limiting the discussion to initial activities. Most of the informal group's time was spent going over the text paragraph-by-paragraph.

Parties also discussed a proposal by the G-77/China to establish an advisory working group to facilitate, support and promote the implementation of the programme of work. The EU, US, Canada and others questioned the need for and mandate of such a group. This was resolved by calling for submissions on the matter. There was also some concern with the timing and deadlines of initial activities, when to report to the COP, and how to move forward. The small drafting group prepared a table with timing and deadlines until 2009.

After extensive revisions the text, parties reached consensus on all of these issues. At the final COP plenary on 17 November, Canada proposed, and the COP agreed by acclamation, to rename the adaptation programme of work the "Nairobi Work Programme on Impacts, Vulnerability and Adaptation to Climate Change."

**SBSTA Conclusions:** In its conclusions (FCCC/SBSTA/2006/L.26), SBSTA affirms that activities under the work programme are to be undertaken to assist all parties, in particular developing countries, including the LDCs and SIDS, to improve their understanding of impacts, vulnerability and adaptation, and to make informed decisions on practical adaptation actions and measures. The SBSTA further, *inter alia*:

- agrees to further implement the programme of work through activities contained in the conclusions;

- requests the Secretariat to report at SBSTA 26, SBSTA 27 and SBSTA 28 on progress made in the implementation of the programme; and to organize an informal meeting of parties before SBSTA 28 to consider the outcomes of the activities undertaken until that time;
- invites parties to submit their views on further activities before SBSTA 28; and agrees to consider at SBSTA 28 the submissions and the outcomes of the expert meeting, the IPCC AR4 and relevant scientific information, as well as relevant activities from international and regional institutions, in order to identify further activities for inclusion in the programme of work;
- requests the Secretariat to prepare a report of activities up to SBSTA 28 in time for SBSTA 29;
- may provide information and advice to the SBI arising from the implementation of the programme of work; and
- agrees on the need for input from experts and invites parties to submit their views on the possible need and role for a group of experts by 21 September 2007, for consideration by SBSTA 27.

Finally, the SBSTA notes that the implementation of the programme of work up to SBSTA 28 cannot be fully covered by the core budget for the biennium 2006-2007, and urges additional financial support.

The activities in the programme of work that follow are divided into nine sub-themes: methods and tools; data and observations; climate modeling, scenarios and downscaling; climate-related risks and extreme events; socioeconomic information; adaptation planning and practices; research; technologies for adaptation; and economic diversification. Each sub-theme consists of a chapeau paragraph stating the objective, and operative paragraphs with activities to be undertaken, deliverables expected, and adaptation efforts to which the activities can contribute. The conclusions also include a table listing the timing for actions and deliverables up to SBSTA 29, when a summary report will be presented.

The actions include submissions, workshops, expert meetings, and miscellaneous documents. The deliverables include synthesis reports, technical papers, progress reports, and a web-based interface.

**Reducing deforestation in developing countries:** This issue was first presented to COP plenary on 7 November and addressed in contact group meetings, informal consultations and drafting group meetings, co-chaired by Audun Rosland (Norway) and Hernán Carlino (Argentina). Parties soon agreed on the need for a second workshop on positive incentives to reduce emissions from deforestation to be held before SBSTA 26. Discussions thereafter focused on the scope of this workshop, and on the content of submissions and papers requested to facilitate it.

On the scope of the workshop, Papua New Guinea proposed the workshop focus only on policy approaches and positive incentives, while the EU, Japan, Tuvalu and others preferred also addressing technical and methodological matters. The US called specifically for addressing data availability and needs. Brazil suggested advancing discussion by limiting technical and methodological issues to those relevant to the proposed policy approaches. Consensus was reached by referring to policy



approaches and incentives and the technical and methodological requirements related to their implementation, assessment of results and improved understanding.

On the submissions and other material for the workshop, parties discussed whether to consider provisions under other processes in the submissions. Japan and Argentina supported reference to other conventions and multilateral organizations, including the International Tropical Timber Organization (ITTO) and the World Trade Organization (WTO). Parties also discussed requests to the Secretariat to prepare background papers and synthesis reports, deciding to limit their request to compiling and making available the information. In response to the call for data on deforestation by the US, parties agreed to invite submissions on updated information on deforestation emissions and trends and data needs in addition to those included in national communications. This information will be compiled by the Secretariat and presented at the workshop.

**SBSTA Conclusions:** In its conclusions (FCCC/SBSTA/2006/L.25), SBSTA requests the Secretariat to organize a second workshop before SBSTA 26 and to ensure that relevant observers and experts are invited. SBSTA decides that the workshop will focus on ongoing and policy approaches and positive incentives, and technical and methodological requirements related to their implementation, assessment of results and their reliability, and improving understanding of reducing emissions from deforestation in developing countries. To facilitate discussions at the workshop, SBSTA invites parties and observers to submit their views on these topics, and to consider, as appropriate, relevant provisions of other conventions and multilateral organizations, including the Convention on Biological Diversity, the UN Convention to Combat Desertification, the Ramsar Convention, the United Nations Forum on Forests, the ITTO and the WTO. SBSTA further invites parties to provide, on a voluntary basis, any updated information and data additional to that provided in national communications, on emissions and trends in deforestation, data needs, and policies and programmes in place or being considered to address deforestation and its root causes. The Secretariat will compile this information and provide a short presentation at the workshop. SBSTA agrees to report at SBSTA 27 and present recommendations to COP 13 on this agenda item.

**Research and systematic observation:** This item was first introduced in the SBSTA plenary on 7 November. The Global Climate Observing System (GCOS) presented revised reporting guidelines (FCCC/SBSTA/2006/MISC.12) and a report on a regional workshop programme (FCCC/SBSTA/2006/MISC.13). This was followed by informal consultations, co-chaired by Stefan Rösner (Germany) and Soobaraj Nayroo Sok Appadu (Mauritius). Careful attention was paid to ensure scientific language accurately reflected parties' intentions. SBSTA adopted the conclusions on 14 November.

**SBSTA Conclusions:** In conclusions (FCCC/SBSTA/2006/L.22), SBSTA, *inter alia*, recommends further integration and coordination of Earth observations, re-emphasizing the importance of sustained *in-situ* observation networks, invites parties to support space agencies in implementing actions identified by Committee on Earth Observation Satellites (CEOS),

(FCCC/SBSTA/2006/MISC.14), and encourages the linking of space-based climate observations in partnership with GCOS and CEOS. A decision will be submitted on this item at COP 13.

**Methodological issues under the UNFCCC: Emissions from fuel used for international aviation and maritime transport (“bunker fuels”):** The item was introduced in SBSTA plenary on 7 November, followed by a report from the International Maritime Organization (IMO) on its work on emissions from international shipping. The IMO further informed delegates of a decision under the London Protocol to allow carbon sequestration in seabed geological formations and proposed establishing a benchmark for maritime emissions.

Kuwait and Saudi Arabia, opposed by the EU, Japan and Norway, proposed removing the agenda item. China said any decision should strictly follow Protocol Article 2.2 (Annex I targets and the Montreal Protocol) and only apply to Annex I parties.

Chair Kumarsingh consulted informally, however this did not result in an agreement. A number of parties expressed disappointment during the SBSTA plenary on 14 November, with Norway noting that no progress was made due to “small number of parties’ objections.” The EU called for a UNFCCC workshop and proposed detailed and result-focused discussions. Micronesia stressed the need for progress in light of increasing emissions from aviation. The sub-item will be addressed again at SBSTA 26. Norway announced its intention to host a non-UNFCCC technical meeting on emissions from aviation and maritime transport in October 2007.

**Greenhouse gas inventories:** On 7 November, the Secretariat presented the annual review of greenhouse gas inventories and updated inventory guidelines (FCCC/SBSTA/2006/INF.4; FCCC/SBSTA/2006/9) to the SBSTA plenary. Chair Kumarsingh reminded parties that inventories will be reviewed in 2007. He prepared draft conclusions and a draft COP decision on the item, which were subsequently adopted by SBSTA on 14 November and by the COP on 17 November.

**SBSTA Conclusions:** The conclusions noted with concern the high volume of review work in 2007 and noted the need for flexibility from the Secretariat in submission of reviews.

**COP Decision:** The decision (FCCC/SBSTA/2006/L.20/Add.1) recognizes that streamlining the review process was required during the 2006-2007 period and that it may reschedule the 2006 greenhouse gas inventory submissions to facilitate coordination with other reviews.

**Cooperation with other relevant organizations:** On 10 November, SBSTA was briefed on the activities of the Joint Liaison Group, which will meet again in December 2006. Takahiro Hiraishi, IPCC, briefed the SBSTA on IPCC activities, noting completion of the IPCC 2006 Guidelines for National Greenhouse Gas Inventories. Regarding the Fourth Assessment Report (AR4), he explained that preparations are in their final stage, with work on the AR4 Synthesis Report well underway and final approval scheduled to take place at IPCC 27 in November 2007.

**Progress reports:** On 10 November, SBSTA considered progress reports on activities implemented jointly (AIJ) under the pilot phase (FCCC/SBSTA/2006/8 and Corr.1), with SBSTA Chair Kumarsingh noting suggestions that the pilot phase be

extended. Parties were also briefed on the in-session workshop on the IPCC Special Report on Carbon Capture and Storage (CCS) held at SBSTA 24. SBSTA also briefly considered the IPCC/TEAP Special Report on Safeguarding the Ozone Layer and the Global Climate System.

On 14 November, SBSTA adopted short draft conclusions and a draft COP decision on AIJ, and short conclusions on the CCS workshop. The COP adopted the decision on 17 November.

**SBSTA Conclusions:** The SBSTA conclusions on CCS (FCCC/SBSTA/2006/L.24) welcome the report on the in-session workshop at SBSTA 24.

The SBSTA conclusions on AIJ (FCCC/SBSTA/2006/L.19) note the seventh synthesis report of AIJ and recommend a draft COP decision.

**COP Decision:** The decision on AIJ (FCCC/SBSTA/2006/L.19/Add.1) confirms that AIJ will continue in the pilot phase, and sets 1 June 2008 as the deadline for submissions of reports on AIJ.

#### SUBSIDIARY BODY FOR IMPLEMENTATION:

##### Education, Training and Awareness (Convention Article 6):

The issue was first addressed during the SBI plenary on 7 November, and was then taken up in informal consultations chaired by Marie Jaudet (France). Some parties were uncomfortable with drafting a future work programme when the New Delhi work programme is still to be reviewed. However, in light of the need to have a decision text on a new framework by COP 13, parties decided that it should be included in this text. New text was proposed by two parties related to the GEF, inviting simple guidelines on how to enhance Article 6 activities in GEF project proposals and urging additional funds for developing countries, particularly LDCs and SIDS, to implement activities under Article 6 and the New Delhi work programme. The consultations resulted in agreement on a strategy for reviewing the New Delhi work programme and an invitation for parties to submit their views on a possible framework for a new Convention Article 6 implementation work programme that may succeed the New Delhi work programme.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2006/L.26), SBI invites parties to submit their views on a possible framework for a new implementation work programme that may succeed the New Delhi work programme. SBI further forwards to the COP two GEF-related items for possible inclusion in its decision on additional guidance to the GEF (FCCC/CP/2006/L.4).

#### OTHER MATTERS

**SIDS:** Proposed agenda items on issues relating to small island developing states were the subject of some discussion, with parties eventually agreeing that the item should be included under the SBI agenda item on "other matters" (see also the COP 12 section on "Adoption of the Agenda"). Following agreement on where the issue should be discussed, short draft SBI conclusions were adopted on this issue on 14 November.

**SBI Conclusions:** These conclusions (FCCC/SBI/2006/L.7) invite parties to take into account relevant aspects of the Mauritius Strategy and Declaration, and request a Secretariat report on how the Strategy is reflected is reflected in the work of the UNFCCC and Kyoto Protocol.

#### LEVELS OF EMISSIONS FOR THE BASE YEAR OF

**CROATIA:** The issue was introduced in SBI plenary on 6 November, and in informal consultations coordinated by Jim Penman (UK). Discussions focused on Croatia's submission on establishing base year greenhouse gas emissions in accordance with UNFCCC Article 4.6 (flexibility for economies in transition). The SBI adopted the draft conclusions and a draft COP decision on 14 November. 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). The COP adopted the decision on 17 November.

**COP Decision:** In its decision (FCCC/SBI/2006/L.20), the COP notes Croatia's special circumstances and that the decision has no implications for historical emissions levels for any other parties, in particular those from the former Yugoslavia. The COP decides that Croatia shall be allowed to add 3.5 Mt CO<sub>2</sub> equivalent to its base year level of greenhouse gas emissions.

#### COP/MOP 2 REPORT

COP and COP/MOP President Kibwana opened COP/MOP 2 on Monday, 6 November. In opening statements, the EU stressed the need to operationalize the Adaptation Fund and strengthen the capacities of LDCs to implement CDM projects. She highlighted the need to review and enhance the Protocol in accordance with its Article 9 (review of the Protocol). The G-77/China urged progress on adaptation and improving the geographical distribution of CDM projects.

#### ORGANIZATIONAL MATTERS

On organizational matters, President Kibwana 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 provisionally adopted the agenda (FCCC/KP/CMP/2006/1), pending further consultations on the Russian proposal, and invited SBSTA Chair Kumarsingh to hold consultations. These consultations resulted in agreement in plenary on 9 November that this issue be moved under the agenda item on other matters. The COP/MOP then adopted the agenda as amended.

#### AD HOC WORKING GROUP ON ANNEX I COMMITMENTS

The *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG) was established by decision 1/CMP.1, to, *inter alia*, ensure that there is no gap between the first (2008-2012) and the second (post-2012) commitment periods in accordance with Protocol Article 3.9 (future commitments). Michael Zammit Cutajar (Malta) chaired meetings of the second session of the AWG on 6 and 8 November, highlighting further commitments for Annex I parties, and a work plan and schedule for future sessions. On 7 November, the AWG convened an in-session workshop chaired by AWG Vice-Chair Luiz Alberto Figueirido Machado (Brazil). AWG issues were then taken up in a contact group, also chaired by Zammit Cutajar, on 9 and 14 November, and in a series of informal consultations.

The AWG and the AWG contact group focused on Annex I commitments in the second commitment period and on the development of a work plan and schedule of meetings for the

AWG. The in-session workshop addressed the scientific basis for further Annex I commitments and emissions trends and mitigation potential in Annex I parties.

In these discussions, the EU, supported by Canada and Switzerland, sought to emphasize the linkage between the work of the AWG and Protocol Article 9, and Norway repeatedly called for work on defining a long-term goal and discussed the limitations of UNFCCC Article 2 (objective) in helping to define such a goal. The EU stressed that action by Annex I parties would not be sufficient to tackle climate change, and Australia proposed that a future framework should include all major emitters. However, the G-77/China argued that it was not the task of the AWG to define a long-term goal other than that stated in UNFCCC Article 2, and sought to limit discussion to Protocol Article 3.9 and avoid linkages with other articles. In addition, China called for a strong signal to the carbon markets in the form of a commitment from Annex I parties to new reduction targets. There was general agreement on the need to ensure that there is no gap between the first and second commitment periods, and the need for a strong signal of continuity to the carbon markets and the CDM. After informal consultations, a compromise outcome was adopted that sought to reflect these diverging views and establish a work plan and schedule. The AWG adopted its conclusions on 14 November, and these were noted by the COP/MOP on 17 November.

**AWG Conclusions:** In its conclusions, the AWG (FCCC/KP/ AWG/2006/L.4) agrees that its work on further commitments by Annex I parties should be guided by the ultimate objective of the Convention, based on the principles and relevant provisions of the Convention and the Kyoto Protocol, and refers to the IPCC Third Assessment Report as the basis for useful parameters for the overall level of ambition of further emissions reductions.

The conclusions are set out under three headings: analysis of mitigation potential and ranges of emission reduction objectives; analysis of possible means to achieve mitigation objectives; and consideration of further commitments. According to these conclusions, the AWG will seek input for its work from external bodies and forums, in particular IPCC AR4, notes the value of future workshops, and schedules its third session in May 2007 and its fourth session probably in September/October, in conjunction with the UNFCCC Dialogue. The AWG agrees to keep the programme and methods under review, expresses concern about the adverse impacts of climate change, and underscores the need for its work to send a clear message that Annex I parties to the Kyoto Protocol are taking a lead through action to maintain their overall emissions on a declining trend beyond 2012, through domestic and international efforts.

#### **REVIEW OF THE PROTOCOL PURSUANT TO ARTICLE 9**

This issue was first considered during the COP/MOP plenary on 9 November, and subsequently in contact groups and informal discussions chaired by Fernando Tudela Abad (Mexico).

Initial positions were divergent on the scope, process and time of the review. Developed countries generally supported a thorough review of all aspects of the Protocol, including its decisions, while the G-77/China supported a review focused on specific issues. The EU, Switzerland, Norway and others supported launching a review process, while the G-77/China

advocated a review “at” COP 12, as stated in Protocol Article 9. Developing countries stressed that Article 9 was about “review” and not “revision” of the Protocol.

The African Group, the EU and the Umbrella Group, with the exception of the US, submitted draft texts (FCCC/KP/ CMP/2006/CRP.1 and 3). At the beginning of the second week, outstanding issues included the scope of the review, the timing of the second review and the periodicity of future reviews. The G-77/China wanted the second review to be in four to five years, and, after exchanges at ministerial informals, they also sought an explicit undertaking that the reviews would not lead to new commitments. Developed countries favored the second review in two years, and the COP/MOP to be free to act upon the review.

During COP/MOP’s final days, general agreement was reached, with a compromise agreement on a second review in 2008, as the EU wanted, and including explicit reference to the review not leading to new commitments, as the G-77/China preferred. An explicit reference that the COP/MOP can act upon the review also persuaded the Umbrella Group to agree to the text. However, China did not initially agree to the 2008 timeline, and it required longer negotiations and minor language changes to reach final agreement.

On 17 November, the COP/MOP adopted the text. The EU praised it as an important result, and China hoped Annex I parties would submit sufficient information on the fulfillment of their commitments for the next review.

**COP/MOP Decision:** In the decision (FCCC/KP/CMP/2006/ L.7), the COP/MOP, *inter alia*:

- acknowledges that adaptation could be further elaborated and implementation of the Protocol could be enhanced;
- decides that the second review will take place in 2008;
- agrees to use IPCC AR4 for the second review;
- agrees that the second review shall not prejudice action by COP/MOP and shall not lead to new commitments for any party;
- recalls that, in accordance with Article 9, the COP/MOP shall take appropriate action based on the reviews therein;
- decides to consider the second review’s scope and content at COP/MOP 3; and
- invites parties to submit views on issues including regarding the scope and content of the second review.

#### **RUSSIAN PROPOSAL TO DEVELOP PROCEDURES TO APPROVE VOLUNTARY COMMITMENTS**

This issue was addressed in plenary on 9 and 13 November and in closed informal consultations throughout the meeting. These culminated in ministerial discussions on 16 November, which delegated the issue to a small negotiating group facilitated by Michael Zammit Cutajar. Conclusions on the President’s report on consultations concerning the proposal were finally adopted by the COP/MOP on 17 November.

Following President Kibwana’s report on 9 November on intersessional consultations concerning the Russian proposal on procedures for the approval of voluntary commitments (FCCC/KP/CMP/2006/MISC.4), the Russian Federation called for a COP/MOP decision entrusting the SBI to develop such procedures. The EU and Canada said the proposal deserved further consideration at COP/MOP 2, while the G-77/China

firmly opposed further discussion. President Kibwana asked William Agyemang-Bonsu (Ghana) to consult with parties informally on how to proceed.

In his report to back to plenary on 13 November, Agyemang-Bonsu recalled SB 24 discussions, which highlighted a number of options on how to proceed, such as addressing the issue in the SBI, AWG, under Article 9 or under the Dialogue on long-term cooperative action. However, during consultations at COP/MOP 2, no consensus was reached on the way forward, with the Russian Federation and the Umbrella Group proposing adoption of a procedural COP/MOP decision to refer the matter to the SBI. During ministerial discussions, additional suggestions emerged, such as addressing the issue through a “high-level” process. In the early hours of 17 November, in a small high-level negotiating group, the Russian Federation yielded to the G-77/China and agreed to compromise draft conclusions proposed by the President that deferred discussions to COP/MOP 3, with a workshop in May 2007.

In the closing plenary on 17 November, the Russian Federation requested an amendment of the report of the meeting (FCCC/KP/CMP/2006/L.1) to clearly state the positions taken during consultations at COP/MOP 2. He recalled discussions at SB 24 where parties reaffirmed the importance of the issue of voluntary commitments and stressed that the current practice whereby parties’ requests to undertake voluntary commitments remain unanswered is unacceptable and impinges on those parties’ sovereign rights.

**COP/MOP Conclusions:** In its conclusions (FCCC/KP/CMP/2006/L.6), the COP/MOP takes note of consultations conducted by the COP/MOP President on the proposal and further “notes with regret” that it had not been possible to consider its substance at COP/MOP 2. It requests the President to convene a workshop in May 2007 and to prepare a report, “on his own responsibility,” on the proceedings and main points raised during the workshop. It also invites the Russian Federation to further elaborate on its proposal and other parties to submit their views. The report of the President will be considered at COP/MOP 3 under the agenda item “Other Matters.”

### **ISSUES RELATING TO THE CDM**

Issues relating to the CDM were first taken up in the COP/MOP on 9 November, before being referred to a contact group co-chaired by Christiana Figueres (Costa Rica) and Georg Børsting (Norway). Contact group and informal discussions both took place from 10-16 November. Towards the end of the meeting, small groups of negotiators focused on carbon dioxide capture and storage (CCS), non-renewable and renewable biomass, and regional distribution of CDM projects.

Geological CCS was referred to the SBI by COP/MOP 1, after the Executive Board of the CDM received three methodological proposals for CCS projects. Discussions in Nairobi were also informed by party submissions, the outcomes of a workshop, and recommendations from the CDM Executive Board (FCCC/KP/CMP/2006/3, FCCC/KP/CMP/2006/4, FCCC/KP/CMP/2006/4, Corr.1 and Add.1 and FCCC/KP/CMP/2006/MISC.1 and 2). While some parties, including the EU, Saudi Arabia, Japan, Canada, Norway and South Africa, expressed a clear interest in accessing CCS technology under the CDM, others opposed it for various reasons. Brazil expressed fears that such technology

could massively impact the current CDM portfolio, pointed out that CCS would operate on a scale never anticipated by the negotiators of the Kyoto Protocol, and would “crowd out” other CDM projects. The Alliance of Small Island States (AOSIS) was equally concerned about the technical uncertainties surrounding CCS, such as seepage, storage, boundaries and long-term liability.

A/R issues, in particular, the eligibility of land, were raised by Brazil, Colombia, Bolivia and a number of other Latin American countries, who objected to what they regarded as a restrictive interpretation by the Board of procedures for defining eligibility in Annex 18 to a report by the Board at its 26th session. These parties preferred an interpretation contained in Annex 16 to the report of the Board at its 22nd session. The annexes deal with methodologies to demonstrate that land proposed for a CDM project activity was not a forest at the moment a particular project starts. Informal discussions focused on divergent interpretations of the annexes, and agreement was reached when the EU conceded that parties should invite the Executive Board to revisit the issue, and deal with relevant project proposals on a case-by-case basis in the interim.

Another methodological discussion took place on switching from non-renewable to renewable biomass, when households in countries such as Nepal move to using renewable sources of heat and light. The EU had concerns about the possibility of creating a “perverse incentive” by crediting this fuel switching via acknowledgement of avoided deforestation. Instead, the EU preferred to seek alternative approaches to crediting, focused on carbon reductions arising from the use of renewable fuel sources. Parties agreed that the CDM Board, which had failed to reach agreement on this issue, should invite parties’ submissions on the matter.

The final issue to be resolved was on regional distribution, with the EU conceding on an African Group proposal, after ministerial consultations, to insert language encouraging Annex I countries to engage in further initiatives, including financial support, for CDM projects in LDCs, Africa and SIDS, with a view to improving regional distribution.

**COP/MOP Decision:** In its decision (FCCC/KP/CMP/2006/L.8), the COP/MOP recognizes the expansion of the CDM portfolio and workload of the CDM Executive Board, underlines the Board’s supervisory and executive role, and acknowledges parties’ funding contributions. On CCS, the COP/MOP emphasizes the transfer of environmentally safe and sound technologies, recognizes that technical, methodological, legal and policy issues remain unresolved, and requests the Board to continue consideration of proposals for new methodologies for CCS as CDM project activities, with approval of such methodologies only possible after further guidance from the COP/MOP. International organizations and NGOs are invited to provide the Executive Board with information on a list of issues by 31 May 2007, including leakage and levels of risk, boundary issues, monitoring, liability, and accounting options. Parties are invited to make submissions by 21 September 2007. The COP/MOP also requests the Secretariat to compile the submissions for consideration at SBSTA 27 with a view to further consideration at COP/MOP 3.

On governance, the Board is encouraged, *inter alia*, to improve public availability of the rationale for its decisions. On methodologies and additionality, the COP/MOP encourages project participants to develop, and the Executive Board to approve, more methodologies with broad applicability conditions. On eligibility of land, the decision puts on hold Annex 16 to the report of the Board at its 22nd session and Annex 18 to the report of the Board at its 26th session, requests the Board to prepare, after a call for public input, new procedures to demonstrate the eligibility of lands for A/R project activities, and requests parties, international organizations and NGOs to submit their views to the Executive Board Secretariat by 23 February 2007, on the implications of possibly changing the limit established for small-scale A/R project activities, for consideration by SBSTA 26. The decision also initiates a revision of the definitions for small-scale CDM project activities referred to in Decision 17/CP.7 (modalities and procedures for CDM projects), invites organizations to submit proposals for methodologies, and requests the Executive Board to make a recommendation to COP/MOP 3. On regional distribution and capacity building, the COP/MOP encourages Annex I parties to consider further initiatives, including financial support, for project activities, including start-up costs, especially in LDCs, African countries and SIDS.

#### **REPORT OF THE JOINT IMPLEMENTATION SUPERVISORY COMMITTEE**

This issue was first considered during the COP/MOP plenary on 9 November, and in contact groups and informal discussions co-chaired by Johan Nylander (Sweden) and William Agyemang-Bonsu (Ghana). Parties had four main issues to resolve: adoption of the Joint Implementation Supervisory Committee (JISC) rules of procedure and the JI project design documents; definition of small-scale projects; remuneration and travel costs of JISC members; and a financial shortfall in the 2006-2007 biennium for JISC.

Parties quickly agreed to adopt JISC rules of procedure and the JI project design documents, and to ask for contributions to fund the JISC for the 2006-2007 biennium.

On remuneration and travel costs for JISC members, some parties sought to have the same level of compensation as CDM Executive Board members. Agreement was reached to forward the issue to SBI 26 for consideration. On definition of small-scale projects, agreement was delayed pending agreement on CDM issues, and parties decided to apply the same definition, *mutatis mutandis*, as CDM.

Delegates agreed to two COP/MOP decisions – one on rules of procedure and project design documents, the other on guidance to the JISC – which were adopted in the closing COP/MOP plenary, on 17 November.

**COP/MOP Decisions:** In its decision on rules of procedure (FCCC/KP/CMP/2006/L.3), the COP/MOP adopts the rules of procedure of JISC and the JI project design document forms contained in document FCCC/KP/CMP/2006/5 and Add.1, and authorizes the JISC to amend the project design document forms and to inform the COP/MOP of such changes.

In the decision on guidance (FCCC/KP/CMP/2006/L.4), the COP/MOP:

- requests JISC to keep the JI management plan under review and report to COP/MOP 3;
- asks the Secretariat to implement the JI management plan;
- invites SBI 26 to consider the matter of remuneration and costs of travel of JISC members;
- amends the thresholds for small-scale JI projects in accordance with the revised thresholds for small-scale CDM projects (FCCC/KP/CMP/2006/L.8);
- endorses the fee structure developed by JISC, including an accreditation fee of US\$15,000, US\$0.10 per tonne of carbon dioxide equivalent for the first 15,000 tonnes and US\$0.20 per tonne of carbon dioxide equivalent for any amount in excess of 15,000 tonnes;
- expresses deep concern about the estimated US\$2 million shortfall for the 2006-2007 biennium; and
- urges parties to make contributions to the Trust Fund for Supplementary Activities to fund JI in the 2006-2007 biennium.

#### **COMPLIANCE COMMITTEE**

The item was first introduced to the COP/MOP on 9 November. Committee Chair Hironori Hamanaka (Japan), presented the first annual report of the Compliance Committee of the Kyoto Protocol to the COP/MOP (FCCC/KP/CMP/2006/6), noting that the Committee adopted further rules of procedure for consideration by the COP/MOP. Denis Langlois (Canada) and Eric Mugurusi (Tanzania) were invited to convene informal consultations on funding issues arising from the work of the Compliance Committee.

Chair Hamanaka reported that the adoption of the rules of procedure followed lengthy and sometimes difficult decisions, and explained that their adoption by the COP/MOP would enhance the Committee's operational credibility. He added that the Committee's funding would not support its increasing workload and invited the COP/MOP to ask parties to make contributions to the Trust Fund. Chair Hamanaka also reported on funding and travel arrangements. The EU informed the COP/MOP that it was sensitive to the funding request. The travel cost issues were taken up and resolved by negotiators working on budget issues. A request for business-class travel allowances and regarding funded travel for Annex I participants was not sanctioned, however. Costs associated with the Compliance and Facilitative Branches of the Compliance Committee were among those reported by the UNFCCC Executive Secretary at the close of the final COP/MOP Plenary.

**COP/MOP Decision:** By its decision (FCCC/KP/CMP/2006/L.2), the COP/MOP adopts the rules of procedure of the Compliance Committee and invites parties to make voluntary contributions to the Trust Fund for Supplementary Activities, to support the work of the Compliance Committee in 2007. The decision sets out definitions, rules on members, officers, the agenda, meetings, electronic transmission, the secretariat, languages and general procedures.

## AMENDMENT TO THE PROTOCOL RELATING TO COMPLIANCE

By its Decision 27/CMP.1, the COP/MOP invited the SBI to give further consideration to an amendment with respect to procedures and mechanisms relating to compliance, with a view to finalizing discussions at SBI 27. SBI took up discussion of this issue in plenary on 8 November.

In the discussion, the EU said he was not opposed to an amendment, but considered that for the time being, there remained significant practical difficulties with its adoption and entry into force. Chair Becker undertook to prepare draft SBI conclusions. However, with no agreement reached, SBI Chair Becker reported to COP/MOP plenary that the SBI had referred the item to SBI 26.

## INTERNATIONAL TRANSACTION LOG

The report of the administrator of the international transaction log (ITL), a computerized system that monitors credits under the Protocol mechanisms and will link with national registry systems, was presented to SBI on 8 November (FCCC/KP/CMP/2006/7). The EU welcomed progress so far. He noted that it was a priority to make the ITL fully operational by April 2007, including linkages to the CDM Registry, which would require that registry systems are developed and tested as early as possible in 2007. Japan subsequently expressed concerns about various cost issues relating to the ITL. However, SBI conclusions were adopted on 14 November and were noted by the COP/MOP on 17 November.

**SBI Conclusions:** In its conclusions (FCCC/SBI/2006/L.28), the SBI reiterates the importance of making rapid progress in ensuring that registry systems are fully operational with the ITL by April 2007. It notes funding shortfalls, and invites parties to submit, by 31 January 2007, their views on the collection of fees from users of the ITL on how to make the ITL "self-sustaining."

## NATIONAL COMMUNICATIONS

### SYNTHESIS REPORT ON PROTOCOL ARTICLE

**3.2 (DEMONSTRABLE PROGRESS):** This issue (FCCC/SBI/2006/INF.2 and FCCC/SBI/2006/INF.7) was introduced in the SBI plenary on 8 November and then taken up in informal consultations coordinated by Henriëtte Bersee (Netherlands) and Arthur Wellington Rolle (Bahamas) from 8-14 November. During informal consultations, delegates discussed and revised the Co-Chairs' draft decision, resulting in a bracketed text containing references to the late submission of Annex I reports on demonstrable progress, the increasing trend in emissions of Annex I parties, and a call on Annex I parties to intensify efforts to meet commitments and urging them to submit reports. 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. No consensus was reached in the contact group and the matter will be taken up again at SB 26.

## CAPACITY BUILDING UNDER THE PROTOCOL

This issue was first addressed by the SBI in plenary on 8 November (FCCC/SBI/2006/5; FCCC/SBI/2006/16; FCCC/SBI/2006/22, FCCC/SBI/2006/MISC.4, Corr.1 & Add.1). Draft

text under the Protocol received a generally positive response, although the G-77/China asked that regional imbalances of CDM projects be further highlighted and the Cook Islands asked for reference to the special needs of LDCs and SIDS in the preamble. The UK noted that equitable geographic distribution was already being addressed under CDM discussions, and should not be considered, to avoid duplication of efforts. However, other parties felt that the CDM had other priorities and it was therefore included in the text.

These negotiations occurred back-to-back with discussions on capacity building under the Convention, which at times resulted in the sidelining of the Protocol negotiations, resulting in late agreement on the issue. The conclusions and a draft COP/MOP decision were eventually adopted by SBI on 14 November, and by the COP/MOP on 17 November.

**SBI Conclusions:** The conclusions (FCCC/SBI/2006/L.34) note relevant sections of the report of the CDM Executive Board related to regional distribution of CDM project activities and related capacity building.

**COP/MOP Decision:** The decision (FCCC/SBI/2006/L.34/Add.1) sets out additional steps to monitor capacity building implementation annually; encourages focus on institutional and technical capacity-building activities specific to the CDM; and reiterates the request for assistance for non-Annex I parties, particularly LDCs and SIDS, to facilitate participation in CDM.

## ADAPTATION FUND

This issue was taken up in SBI plenary on 8 November (FCCC/SBI/2006/MISC.7 and Add.1, FCCC/SBI/2006/MISC.11 and MISC.16), and in a contact group co-chaired by Philip Gwage (Uganda) and Adrian Macey (New Zealand), which broke into informal consultations and small drafting groups. The SBI adopted conclusions and a draft COP/MOP decision on 14 November. The COP adopted the decision on 17 November.

In plenary, several parties urged early operationalization of the Fund. Norway, Switzerland and Japan noted that the GEF is best placed to manage the Fund, while the LDCs favored its management by an executive body, such as the CDM Executive Board, with equitable regional representation.

Early on in the contact group, however, delegates agreed to the G-77/China's suggestion to address the Fund's overarching principles, modalities and governance before considering institutional arrangements. The G-77/China further proposed a set of principles, notably on the COP/MOP's authority and guidance, and of funding covering the full costs of adaptation. Canada highlighted a country-driven approach, efficiency and effectiveness, and knowledge and networking capacity. The EU underscored synergies in the Fund's management, procedures and accountability. South Africa said the Fund should ensure decentralized access, mobilize additional resources, and reduce barriers.

Closed informal consultations resulted in a draft COP/MOP decision prepared by the Co-Chairs, which contained bracketed text on issues including funding on full adaptation cost basis, a country-driven approach, the Fund's membership, and a request to the SBI to develop recommendations for the COP/MOP on the Fund's eligibility criteria, priority areas, monetizing the share of proceeds, and institutional arrangements. Delegates succeeded in resolving these outstanding issues in a small drafting group.

During the SBI closing plenary, Co-Chair Macey emphasized that the Fund's principles and modalities were developed without prejudging the final institutional arrangements. Parties welcomed the adoption of the draft COP/MOP decision, with the G-77/China describing the Fund as an "innovative solidarity fund," and the EU noting it built "new trust" among parties.

Following the adoption of the decision by the COP/MOP, President Kibwana noted it as one of the achievements of the conference, and hoped the Fund would become fully operational at COP/MOP 3.

**COP/MOP Decision:** The COP/MOP decision (FCCC/SBI/2006/L.29/Add.1) contains the principles and modalities of the Fund, including:

- the Fund operating under the authority and guidance of, and being accountable to, the COP/MOP, which decides on its overall policies;
- funding on a full adaptation cost basis;
- accountability in management, operation and use of the funds;
- facilitative procedures for accessing funds;
- country-driven projects; and
- competency in adaptation and financial management.

The COP/MOP further decides that the membership of the Fund's governing body shall be from Protocol parties and follow a one-country-one-vote rule with the majority of non-Annex I parties. It further requests the SBI to develop recommendations on the Fund's eligibility criteria, priority areas, monetizing the share of proceeds, and institutional arrangements for consideration at COP/MOP 3, and holding consultations on these issues before SB 27. It also extends an invitation to interested institutions to submit their views on how they would operationalize the decision.

### **ARTICLE 3.14**

The issue of the adverse impacts of climate change and of response measures to climate change on developing countries under Protocol Article 3.14 was taken up in SBI plenary on 8 November, with a report on the outcomes of a workshop on reporting methodologies held in Abu Dhabi, UAE, from 4-6 September 2006 (FCCC/SBI/2006/27). The EU, supported by Japan and Norway, expressed concerns over the heavy agenda and overlap with a SBSTA item on Protocol Article 2.3 (see following section, below). He suggested just one agenda item and contact group to address both issues. Saudi Arabia, for the G-77/China, insisted that these were separate issues. Informal consultations were coordinated by Angela Churie-Kallhauge (Sweden) and Al Waleed Hamad Al-Malik (UAE), with a view to taking a procedural decision on these two agenda items in SBSTA on 10 November. However, there was no agreement over whether the group should focus on substance or procedure, particularly whether to focus on the recent workshop or on proposals to merge this item with discussions under Protocol Article 2.3. In the SBI closing plenary on 14 November, Chair Becker noted that the absence of agreed conclusions would be reflected in the SBI 25 report and the item would be included on the SBI 26 agenda. The COP/MOP took note of this outcome on 17 November.

### **ARTICLE 2.3**

Matters relating to Protocol Article 2.3 (adverse effects of policies and measures) were first addressed in SBSTA on 8 November, when Japan identified overlaps with the item on Article 3.14 (see section above) and proposed integrating these items. Saudi Arabia, for the G-77/China, insisted that these are separate items. However, no agreement was reached even after informal consultations, and in SBSTA plenary on 10 November, Chair Kumarsingh reported that, in light of the divergent views, the issue would be forwarded to SBSTA 26. On 17 November, the COP/MOP took note of this outcome.

### **PROPOSAL FROM BELARUS TO AMEND ANNEX B OF THE PROTOCOL**

A proposal to amend an annex to the Kyoto Protocol so as to allow Belarus to join the group of countries with emissions reduction commitments was the subject of lengthy negotiation during COP/MOP 2. The proposal to add Belarus to Annex B (FCCC/KP/CMP/2006/2), which lists countries that have agreed under the Protocol to cut their emissions, and sets out each country's specific target, was first raised in COP/MOP plenary on 10 November, before being referred to informal consultations conducted by Thelma Krug (Brazil).

During these consultations, it soon became apparent that some parties had concerns about the proposal. These concerns related primarily to technical and legal uncertainties and also to the "level of commitment" proposed by Belarus in terms of its suggested emissions target.

Regarding the technical and legal implications of Belarus joining Annex B, a number of countries raised questions about the proposal, given that this would be the first amendment to the Protocol. The Secretariat prepared a preliminary analysis of the legal implications of a possible amendment, clarifying matters relating to its entry into force, the legal implications of a possible amendment for parties to the Protocol that have not ratified the amendment, and various other technical issues. These clarifications, and further discussions, eventually appeared to satisfy parties about the technical and legal feasibility of the proposal.

Another major point of discussion was over the "level of commitment," with Belarus originally proposing a 5% reduction in its emissions from 1990 in the first commitment period of 2008-2012. Canada, Japan, the EU and others questioned the scientific basis for this level of commitment, with one developed country noting that, while it reflects a similar level of commitment made by Annex B parties in 1997, the "world has changed" since then, and a decision on the level of commitment should now take into account updated scientific information. Several parties also noted that, with discussions on post-2012 action now taking place, any decision on the Belarus proposal should send a positive signal about future levels of commitments. In addition, there were also questions over how Belarus planned to use the flexible mechanisms, and particularly emissions trading, since it appeared very likely that the country would produce fewer emissions than its target for the period 2008-2012, and would therefore have the option of selling emissions reduction credits to other Annex B parties. Finally, there were also questions about how Belarus might apply forest management activities set out under Protocol Article

3.4 (LULUCF additional activities), which allows for Annex B parties to elect to include certain carbon sinks activities that would affect accounting of Belarus' emissions for 2008-2012.

Due to these questions, a number of countries preferred further time to consider this issue. However, Belarus sought to resolve the issues at COP/MOP 2, eventually proposing clarifications and compromises in an attempt to assure other parties that it was not seeking to "take advantage" either of Article 3.4's forest management provisions or of the emissions trading market. After taking the matter to the high-level ministerial consultations held during COP/MOP 2's final hours, a compromise agreement was finally reached on a decision to amend the Protocol to add Belarus to Annex B, with an emissions reduction target of minus 8%.

During the closing plenary, Thelma Krug noted this as an "historic day," since this was the first amendment to the Protocol, and Belarus urged other parties to ratify the amendment.

**COP/MOP Decision:** In its decision (FCCC/KP/CMP/2006/L.9), the COP/MOP adopts the amendment adding Belarus to Annex B. It welcomes the decision of Belarus not to account for anthropogenic greenhouse gas emissions by sources and removals by sinks resulting from forest management under Article 3.4. It also welcomes the fact that Belarus will use any revenue generated under emissions trading for further greenhouse gas abatement measures, subject to approval by the relevant authorities in the country.

#### ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS

**BUDGET AND FINANCIAL STATEMENTS:** This agenda item (FCCC/SBI/2006/14 and Add.1 and 2; FCCC/SBI/2006/15 and FCCC/SBI/2006/INF.6) was taken up in SBI plenary on 6 November, and then addressed jointly with COP-related administrative, financial and institutional matters in informal consultations coordinated by Harald Dovland (Norway) from 7-11 November. SBI conclusions and a draft COP/MOP decision were adopted on 14 November, and the COP/MOP adopted the decision on 17 November.

**SBI Conclusions:** On the request of the CDM Executive Board to allow its members business-class travel, SBI agrees (FCCC/SBI/2006/L.21), *inter alia*, to maintain current practices on travel for members of constituted bodies of the Protocol, also noting similar requests of the Compliance Committee and JISC.

**COP/MOP Decision:** The decision (FCCC/SBI/2006/L.21/Add.2) contains sections on audited financial statements for 2004-2005, budget performance for 2006-2007, programme budget for 2008-2009, and implementation of the headquarters agreement. In addition to provisions similar to those contained in the COP decision, the COP/MOP endorses the COP decision to approve the protocol amending the agreement between the Government of Germany, the UN and UNFCCC to reflect the entry into force of the Kyoto Protocol.

**PRIVILEGES AND IMMUNITIES FOR MEMBERS OF PROTOCOL BODIES:** This issue was first taken up by SBI on 8 November (FCCC/SBI/2006/20 and FCCC/SBI/2006/21). It was then referred to a contact group chaired by Paul Watkinson (France). In the group, differences of opinion emerged on how significant the threat of legal action against members of the Protocol's constituted bodies actually was, and whether to

focus on short- or long-term measures. While the EU, Canada, Japan and others preferred to focus on short-term issues, others, such as Argentina, wanted to discuss both short- and long-term issues. However, in spite of these differences, draft conclusions containing a COP/MOP decision were eventually agreed. These included a proposal from Brazil for a new paragraph inviting parties to submit their views on the issue by 23 February 2007, although a separate proposal by Brazil to establish an *ad hoc* special review team on the matter was not accepted. The agreed text was adopted by SBI on 14 November and subsequently by the COP/MOP on 17 November.

**COP/MOP Decision:** In its decision (FCCC/SBI/2006/L.22), the COP/MOP requests, *inter alia*: the Executive Secretary to take action in response to issues raised by private or public legal entities involved in the mechanism to minimize disputes, complaints or claims made against individuals serving on constituted bodies and invites parties to submit their views on this matter by 23 February 2007.

#### REPORTS OF THE SUBSIDIARY BODIES

On 17 November, the COP/MOP adopted the reports of the twenty-fifth sessions of SBSTA (FCCC/SBSTA/2006/L.18) and SBI (FCCC/SBI/2006/L.19). The reports of SB 25 include numerous items that were subsequently taken up by the COP and/or COP/MOP. However, there were also a number of items on which SBSTA conclusions were adopted, that were not directly included under the COP/MOP's agenda. This section provides details on Kyoto Protocol issues taken up in the report of SBSTA that were not directly included under the COP/MOP's agenda.

**SBSTA: Methodological issues under the Protocol: HCFC-22/HFC-23:** This issue was first addressed in plenary on 7 November, and in various informal consultations facilitated by Lambert Schneider (Germany). It concerns the implications of crediting emission reductions for the destruction of HFC-23 under the CDM and, in so doing, providing a perverse incentive for the increased production of HCFC-22 – an ozone-depleting substance regulated under the Montreal Protocol. Parties had been invited to submit their views on practical solutions to address the issue. Based on these submissions, Chair Schneider presented draft text with an option for further consideration. The option involved a system whereby certified emission reductions (CERs) from the destruction of HFC-23 would be issued to an institution other than the project participants; this institution would reimburse the incremental costs of undertaking the abatement through the sale of a fraction of the CERs. Parties agreed on the need to continue deliberating on this option, but disagreements surfaced on the institutions to which the CERs would be issued, and on what to do with the "remaining" credits left after the project costs were met. China supported issuing the credits to the host government account rather than to another institution and that the credits be used to fund "other activities beneficial to the global environment." In contrast, Brazil, the EU and others supported issuing the credits to another institution and either canceling the credits or using them to fund activities that include means to phase out the production and consumption of HCFCs. In the end, although there was progress on considering practical options for addressing this problem, parties could not reach agreement.



**SBSTA Conclusions:** In the conclusions (FCCC/SBSTA/2006/L.23), SBSTA: notes the COP/MOP's recognition that issuing CERs for the destruction of HFC-23 at new HCFC-22 facilities could lead to higher global production of HCFC-22 and/or HFC-23, and that the CDM should not lead to such increases; considers parties' submissions elaborating on practical solutions to address the implications of this situation; and states it could not conclude its consideration of the issue.

**Issues relating to greenhouse gas inventories:** The issue was taken up at SBSTA on 7 November, where the Secretariat presented results from a training programme for review experts under Protocol Article 8 (FCCC/SBSTA/2006/INF.7). The Chair subsequently prepared draft conclusions and a draft COP/MOP decision, which were adopted by SBSTA on 14 November and by the COP/MOP on 17 November.

**SBSTA Conclusions:** The conclusions (FCCC/SBSTA/2006/L.21) include a request that the Secretariat continue the review of expert training programme online and notes the need for, and encourages parties to, nominate relevant experts to the UNFCCC expert roster to participate in the review process.

**COP/MOP Decision:** In its decision (FCCC/SBSTA/2006/L.21/Add.1), the COP/MOP notes the need for the Secretariat to exercise flexibility in the timing of reviews in 2007, noting the high volume of review work related to, among other things, ongoing national communications, the review of 2006 greenhouse gas inventory submissions and the upcoming review of 2007 greenhouse gas inventory submissions.

## OTHER MATTERS

**NUMERICAL VALUE FOR FOREST MANAGEMENT UNDER PROTOCOL ARTICLE 3.4 FOR ITALY:** This issue was briefly taken up by COP/MOP 2 on 17 November, following informal consultations in May 2006 during SB 24. The item was originally placed on the SBSTA 24 agenda at the request of Italy, which sought to reconsider the numerical value for forest management under Protocol Article 3.4 (additional LULUCF activities), based on country-specific data on forest management. On 17 November, the COP/MOP adopted the draft decision prepared during SBSTA 24.

**COP/MOP Decision:** The COP/MOP decision (FCCC/SBSTA/2006/L.6/Add.1) states that, for the first commitment period, additions to and subtractions from the assigned amount of Italy resulting from forest management under Protocol Article 3.4 (after the application of paragraph 10 of the annex to decision 16/CMP.1 and resulting from forest management project activities undertaken under Protocol Article 6 on Joint Implementation), shall not exceed 2.78 Mt C/year times five.

## HIGH-LEVEL SEGMENT

The joint high-level segment of COP 12 and COP/MOP 2 began on 15 November and concluded on 17 November. During the segment, more than 100 ministers and other high-level government officials delivered statements, along with senior representatives of intergovernmental and non-governmental organizations, UN bodies and specialized agencies, and other groups. Speakers reflected on a wide range of issues relating to climate change, the UNFCCC and the Kyoto Protocol.

This section of the summary reflects on some of the key issues raised. For more detailed written reports on the high-level segment, see: <http://www.iisd.ca/vol12/enb12316e.html> and <http://www.iisd.ca/vol12/enb12317e.html>. Complete webcast records of these speeches are available online at: [http://unfccc.int/meetings/cop\\_12/webcast/items/3882.php](http://unfccc.int/meetings/cop_12/webcast/items/3882.php)

**OPENING OF THE MEETING:** Kivutha Kibwana, President of the COP and COP/MOP, opened the joint high-level segment. His introduction was followed by an opening speech by UN Secretary-General Kofi Annan, who placed climate change alongside other global threats such as armed conflict, poverty and weapons proliferation. Moritz Leuenberger, President of the Swiss Confederation, and Mwai Kibaki, President of Kenya, also made opening addresses.

**COUNTRY STATEMENTS:** Parties reflected on a wide range of issues, including various "long-term" issues relevant to what happens after the Protocol's first commitment period ends in 2012, as well as adaptation, CDM issues, forestry, and financial matters.

**Post-2012 issues:** Many parties highlighted the urgency of agreeing on a post-2012 regime, with some stressing it should involve all major emitters, and others underscoring the principle of common but differentiated responsibilities. South Africa, on behalf of the G-77/China, said developed countries should cap emissions first, while developing countries should first be "empowered." Finland, for the EU, highlighted the dangers of delaying action, stressing that it is not seeking to impose binding targets on developing countries but to explore a range of options. Germany hoped the EU would reduce emissions by 30% by 2020 compared to 1990 levels, and said it would be willing to cut its own emissions by 40% by that time. The US stressed the need to better link climate goals with "more immediate" socioeconomic goals in order to broaden the "coalition for action." Mexico expressed willingness to consider participation in the climate change regime in the context of flexibility, stressing programmatic and sectoral approaches. India said several key Annex I countries had failed in their Protocol commitments, and described calls for developing countries to take on emissions commitments post-2012 as "shrill," "surreal," and a threat to poverty alleviation efforts.

**Adaptation:** Numerous parties urged a stronger focus on adaptation and the African Group and Saudi Arabia expressed disappointment at slow progress on technology transfer.

**CDM:** Many African countries lamented their "disheartening" share of CDM projects, calling for capacity building and technology transfer, and welcoming the Nairobi Framework. The EC announced the first transfer of €80 million under its Global Energy Efficiency and Renewable Energy Fund for CDM projects in developing countries, particularly in Africa.

**Forestry:** Several countries highlighted forests' contribution to addressing climate change, and positive incentives on deforestation. Costa Rica said activities to prevent deforestation should be eligible for financial compensation.

**Financial matters:** Bangladesh, for the LDCs, highlighted microfinance and compensation for those impacted by climate change. The Philippines said the GEF should be more responsive

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to developing country needs and opposed conditionalities in the operation of the climate funds. Many parties also noted the economic rationale for early action, including the Stern Review.

### STATEMENTS FROM UN BODIES AND AGENCIES:

Statements from various UN bodies and specialized agencies reported on relevant work and linkages. Highlighting scientific and political calls to tackle climate change, the UNFCCC stressed that the future regime should provide incentives to place development and investment on a greener path through a “self-financing climate compact.”

### STATEMENTS BY OBSERVER ORGANIZATIONS:

Many relevant NGOs and IGOs spoke during the high-level segment on behalf of business and industry, women’s groups, youth, indigenous peoples and other key stakeholders. Climate Action Network, speaking for environmental NGOs, said formal negotiations on the future climate change regime should start at COP/MOP 3 to “mind the gap” between commitment periods. African NGOs stressed that markets will not work for Africa and also suggested an “Africa fund,” calling on African ministers to give climate change the same priority as HIV/AIDS. The World Business Council for Sustainable Development called for a clear policy framework that includes carbon markets beyond 2012, agreement on a negotiating mandate at COP 13, and conclusion by 2009 at the latest.

### CLOSING COP AND COP/MOP PLENARY

On Friday, 17 November, President Kibwana convened the closing COP and COP/MOP plenaries. Parties adopted the reports of the COP (FCCC/CP/2006/L.1 and Add.1) and COP/MOP (FCCC/KP/CMP/2006/L.1 and Add.1). Earlier in the day, parties had adopted the reports of the subsidiary bodies (FCCC/SBSTA/2006/L.18 and FCCC/SBI/2006/L.19). Parties also adopted a decision expressing their gratitude to the Government of Kenya for hosting the conference and to the people of Nairobi for their hospitality (FCCC/CP/2006/L.3).

UNFCCC Executive Secretary Yvo de Boer outlined the estimated financial implications of the COP, COP/MOP and subsidiary bodies’ outcomes, conclusions and decisions, including US\$1.6 million in 2007 relating to subsidiary bodies’ outcomes, with US\$2.5 million relating to the ITL, and US\$2.75 million in 2007 relating to the COP and COP/MOP decisions. He thanked Richard Kinley for leading the Secretariat, following Joke Waller Hunter’s passing in 2005, and announced Kinley’s appointment as UNFCCC Deputy Executive Secretary.

In his closing statement, President Kibwana said parties have taken several key decisions in Nairobi, although many challenges lie ahead. He urged parties to use the next twelve months productively so that they arrive at COP 13 and COP/MOP 3 ready to take action. He noted the decision in Nairobi to review the Protocol in 2008 and highlighted the Nairobi Framework on capacity building to assist developing countries on CDM project development. Thanking all participants, he declared the meeting closed at 9:29 pm.

### THE “HUMAN RACE” TO COMBAT CLIMATE CHANGE

The daily meetings and negotiations at the Nairobi climate conference presented a contrast with realities in the outside world. While the modest progress during the two weeks in Nairobi was welcome, it in no way kept pace with changes occurring elsewhere. As delegates were reminded on a daily basis, the scientific evidence for global warming is now more compelling than ever, and the time left to act, if we are to avoid dangerous climate change and limit the economic costs of adaptation, is narrowing fast. It appears that we have only years, not decades, to act.

Unlike the first COP/MOP in Montreal in 2005, the Nairobi conference may not be remembered as one of those critical milestones when a major breakthrough occurred. It did mark an important staging post in a number of ways, though, as negotiators pave the way for what some hope will be another “momentous meeting” in the not too distant future.

This analysis examines the key debates in Nairobi, the significance of the meeting for Africa and the “adaptation agenda,” and signals for the future as the climate regime heads down a track (or, more accurately, several tracks!) towards long-term action.

### THE AFRICA ADAPTATION COP?

Nairobi hosted “the Africa COP.” Indeed, nobody who traveled to Nairobi for the meeting could avoid the immediacy of the climate change agenda. Local taxi drivers ferrying delegates to and from their hotels did not lament the arrival of rainfall, but welcomed it as a blessed relief in a country where drought has been a feature of the landscape for a number of years. In economic terms, too, the impact of events such as La Niña, which wiped several percentage points off Kenya’s gross domestic product, was indicative of the kind of threats hanging over the country.

This COP/MOP was billed as the “Africa COP,” as reflected in many interventions, with its focus on adaptation, equitable distribution of CDM projects, and other issues of vital interest to African countries, and presented an opportunity to focus on those who stand to lose most from climate change, yet have contributed least. For NGOs too, Africa and climate justice was the poignant and inevitable backdrop for a number of side events, including the launch of a White Paper on the ethics and injustice of climate change. As one SIDS delegate noted, however, not all developing countries came away with reassurances.

With South African support, Nairobi rose to the occasion of COP/MOP 2, hosting the largest-ever UN meeting to date in Gigiri (UNEP’s headquarters). The “logistical nightmare” feared by some did not materialize, and aside from a few muddy shoes during the first days of the meeting, the meetings went smoothly.

Africa’s pressing needs were reinforced by many, and most notably by UN Secretary-General Kofi Annan, who opened the high-level segment with an announcement of a major new UN capacity-building initiative to ensure that African and other countries are able to access a fair share of CDM projects. Many observers pointed out that he also brought his authority – on the

eve of his departure from office – to call for a renewed sense of urgency. Annan argued that the chief concern today is not only the pace of climate change but the speed at which the human race can adapt, mitigate and survive.

According to many participants, the perception that COP 12 was the Africa COP was vindicated by a number of the outcomes, with agreement on the Adaptation Fund, the Nairobi Work Programme on Adaptation and the Nairobi Framework on Capacity Building for the CDM. Negotiators within the African Group were also delighted when their “perseverance” in negotiations on the CDM forced a “concession” from developed countries on the inclusion of an explicit reference to “financial resources” to assist LDCs, African countries and SIDS, with start-up costs to gain access to CDM projects.

The focus on Africa and the most vulnerable, and on adaptation, and capacity building, was part of what some described as an essential “confidence building” process that must be put in place as part of the discussions on the future negotiating track or tracks.

### **HOW MANY “TRACKS” DO WE HAVE, AND WHERE IS THE CLIMATE TRAIN HEADED?**

Notwithstanding the importance of the adaptation and African issues, the focus of COP 12 and COP/MOP 2 was undoubtedly on the future – of the Protocol, the Convention, and longer-term action to combat climate change. COP 11 and COP/MOP 1 saw the operationalization of the Kyoto Protocol and the “green light” for talks about the future, with the launching of the *Ad Hoc* Working Group (AWG) on Annex I future commitments under the Protocol and the Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention (Dialogue). As one G-77/China negotiator observed, however, that future is heavily veiled for now, especially in terms of what Annex I Parties are prepared to do. He likened industrialized countries’ “timidity” to Asian marriage customs where the groom only gets to see the face of the bride on the wedding night.

At COP 12 COP/MOP 2, there were a number of issues – or “tracks” – that could potentially lead to future action on climate change. The number of those tracks depends on who you happened to be talking with at any given moment. Most developing countries were convinced that there are only two tracks – AWG and the Dialogue – while most developed countries seemed to see three or even four tracks, with the Review of the Protocol (Article 9) and the Russian Proposal added to the AWG and Dialogue. Each of these tracks could potentially lead to future action, but who will take action, and how much they will be expected to do, was at the core of the Nairobi negotiations. A seasoned observer commented that Nairobi provided no major revelations on this, and it is only as negotiators proceed down these various tracks in the coming months and years that a clear view ahead is likely to emerge – assuming, of course, that negotiators can avoid “derailing” the talks.

### **FROM TRAIN TO PLANE? (OR BACK TO “MATATU”?)**

The existence of so many “tracks” prompted some to compare the climate process with a train. A few, however, compared the Kyoto Protocol’s modest architecture to a Kenyan “Matatu” bus.

One developing country delegate commented on the limited 5% emissions reductions of Annex I parties for the first commitment period as not providing the leadership needed: “You won’t get to the moon in a Matatu,” he quipped.

The tracks are procedural devices – some already operational, others in need of an overhaul to allow the Convention to address future issues. Compared to what may be required to guarantee the future, some view the Convention as a rigid framework based on consensus among 189 Parties, which means that individual parties have a powerful blocking power and progress is, at the least, slow and often bogged down by procedural issues. There is an increasing expectation – within the process and beyond it – that a shift in gear, or change of direction, is required if adequate progress is to be made.

What makes this progress more likely now is that, in stark contrast with the negotiating environment when the Protocol was concluded in 1997, business and industry are now pressing negotiators to ensure that outcomes of their negotiations are sufficiently robust and underpin long-term investments. This was evidenced in repeated calls from business organizations in Nairobi for long-term certainty regarding responses to climate change. In one scenario, UNFCCC Executive Secretary Yvo De Boer calculated based on three “ifs”: if industrialized countries reduce emissions by 60-80% by the middle of the century; if they buy carbon credits from developing countries for half that amount; and if carbon prices sit at around US\$10/tonne, a carbon finance flow worth some US\$100 billion a year could be generated. That would go some way towards “greening” the massive energy portfolio projected by the International Energy Agency for developing countries in the coming years.

In the “outside world,” many experts point out that action on climate change is taking off, with increasing autonomy at the national and international levels. California’s cap-and-trade system and initiatives by the G8 (which gave birth to the Stern Report) provide clear evidence of this. Next year, the World Economic Forum will host further talks with the World Business Council for Sustainable Development on engaging the private sector. The EU emissions trading scheme is likely to form the cornerstone of a global scheme.

In the course of negotiations it became apparent that a wider range of policy instruments and possibilities is now available compared with 1997, such as sectoral approaches, the prospect of an exponential increase in CDM projects and innovations, and incentive-based mechanisms. These possibilities are likely to take the sting out of debates on voluntary commitments – at least according to developed country observers.

In addition, scientific knowledge has increased tremendously, from the findings of the IPCC Second Assessment Report to the forthcoming Fourth Assessment Report and a myriad of national and regional studies on different facets of climate change and its impacts. Representatives of SIDS had some of their suspicions confirmed, however, when Nicholas Stern confirmed that current aggregate models do not adequately address SIDS.

### **DON’T FORGET THE ELEPHANTS... WE ARE STILL IN AFRICA**

According to one wit at the meeting, a couple of elephants escaped Kenya’s national parks and were found in the Nairobi negotiating rooms – although most delegates were doing their

best to ignore them. These “elephants in the room” were future commitments by the US and by major developing countries. At this stage, many negotiators seem to be waiting on a possible new US administration in 2009 before looking for “progress” there. Regarding major developing country involvement, opinions range over a wide spectrum, from those who call these countries’ behavior “criminally irresponsible” to others who are equally adamant that climate change is a problem created solely by developed countries, and that they should take the lead in fixing the problem.

The conditions for US involvement seem to be rapidly changing. One industry insider has expressed concern about the state of preparedness of US companies to seize the climate-related business opportunities. The conditions for major developing countries’ involvement are not there yet. According to most observers, two underlying issues must be solved first: historical emissions and a fair or acceptable distribution of emissions. What “fair” means, in the end, will depend on political agreement. In any case, the consensus at this stage seems to be that no commitment will be possible before developed countries demonstrate that they are serious about tackling climate change within the context of common but differentiated responsibilities. Looking at recent emissions trends, some developing country delegates argue that they have reasons to remain skeptical.

#### WINNING THE “HUMAN RACE”?

As delegates left Nairobi to return home or enjoy a few days on safari, only the bravest of the brave were willing to speculate on how a future climate regime for post-2012 might look. “It’s too soon to say,” concluded more than one observer, noting that no major outcome could have been expected on post-2012 issues just yet.

The science and the economic arguments are now warning that we have a narrowing window of opportunity in which to act. One NGO expert did offer this warning: “We may not be ready to make the big decisions just yet. The real question for me is whether the climate will wait for us to catch up with it, or will we lose the race?”

Not everyone was so pessimistic, though. As others noted, climate change is rapidly ascending the agendas for business, the public and many other key stakeholders. The race is not over yet.

### UPCOMING MEETINGS

#### NATIONAL GREENHOUSE GAS INVENTORIES

**PROGRAMME (NGGIP) MEETINGS:** An Expert Meeting on Software for IPCC 2006 Guidelines, sponsored by Intergovernmental Panel on Climate Change (IPCC) in Doha, Qatar, from 16-18 January 2007, will be followed by a Scoping Meeting for a future workplan for the Task Group on National Greenhouse Gas Inventories in Geneva, Switzerland, from 22-24 January 2007. For more information, contact: IPCC Secretariat; tel: +41-22-730-8208; fax: +41-22-730-8025; e-mail: IPCC-Sec@wmo.int; internet: <http://www.ipcc.ch>

**INTERNATIONAL SYMPOSIUM: TIME TO ADAPT – CLIMATE CHANGE AND THE EUROPEAN WATER DIMENSION:** The German Federal Ministry for the Environment will host this international symposium in Berlin,

Germany, from 12-14 February 2007, which will seek to provide a platform for different stakeholders to discuss the impacts of climate change on water resources. For more information, contact: Carolin Wolf, Conference Management, Ecologic; tel: +49-30-868-800; fax: +49-30-868-80200; e-mail: [info@climate-water-adaptation-berlin2007.org](mailto:info@climate-water-adaptation-berlin2007.org); internet: <http://www.climate-water-adaptation-berlin2007.org/>

#### CSD INTERGOVERNMENTAL PREPARATORY

**MEETING:** The fifteenth session of the Commission on Sustainable Development will be preceded by an Intergovernmental Preparatory Meeting, which will take place from 26 February - 2 March 2007, at UN headquarters in New York. This is the second, or policy year, of the implementation cycle during which the Commission will continue its focus on the following areas: energy for sustainable development, industrial development, air pollution/atmosphere and climate change. For more information, contact: UN Division for Sustainable Development; tel: +1-212-963-8102; fax: +1-212-963-4260; e-mail: [dsd@un.org](mailto:dsd@un.org); internet: [http://www.un.org/esa/sustdev/csd/csd15/csd15\\_ipm.htm](http://www.un.org/esa/sustdev/csd/csd15/csd15_ipm.htm)

**CARBON MARKET INSIGHTS 2007:** Point Carbon’s annual event on the carbon market is taking place in Copenhagen, Denmark, from 13-15 March 2007. This event will reflect on, among other major issues, the opening up of the EU emissions trading scheme to the global carbon markets. For more information, contact: Point Carbon; tel: +47-2240-5340; fax: +47-2240-5341; e-mail: [conference@pointcarbon.com](mailto:conference@pointcarbon.com); internet: <http://www.pointcarbon.com>

#### CLIMATE CHANGE AND HYDROLOGY CONGRESS:

This Congress will be held in Lyon, France, from 27-28 March 2007, and aims to analyze the relationship between hydrology and climate change. The meeting will focus on issues such as: alpine glacier hydrology; mass fluctuations of glaciers in relation to the air temperature and precipitations; nivology; and extreme hydrological events such as drought/low water and floods/high water. For more information, contact: B. Biton, French Hydrotechnical Society; tel +33(0)1-42-50-91-03; fax +33(0)1-42-50-59-83; e-mail: [b.biton@shf.asso.fr](mailto:b.biton@shf.asso.fr); internet: [http://www.shf.asso.fr/upload/manifestation\\_programme69.pdf](http://www.shf.asso.fr/upload/manifestation_programme69.pdf) (in French).

**IPCC MEETINGS:** The 26th meeting of the Intergovernmental Panel on Climate Change (IPCC) will take place in Bangkok, Thailand, on 4 May 2007, immediately following the 9th session of Working Group III, to be held from 30 April - 3 May 2007. Prior to this, the tenth session of Working Group I will be held in France from 29 January - 1 February 2007, and the eighth session of Working Group II will be held in Brussels, Belgium, from 2-5 April 2007. For more information, contact: Rudie Bourgeois, IPCC Secretariat; tel: +41-22-730-8208; fax: +41-22-7 30-8025; e-mail: [IPCC-Sec@wmo.int](mailto:IPCC-Sec@wmo.int); internet: <http://www.ipcc.ch/>

#### FIFTEENTH SESSION OF THE UN COMMISSION ON

**SUSTAINABLE DEVELOPMENT:** The fifteenth session of the UN Commission on Sustainable Development (CSD-15) will be held from 30 April - 11 May 2007, at UN headquarters in New York. For more information, contact: UN Division for Sustainable Development; tel: +1-212-963-8102; fax: +1-212-963-4260; e-mail: [dsd@un.org](mailto:dsd@un.org); internet: <http://www.un.org/esa/sustdev/csd/policy.htm>

**TWENTY-SIXTH SESSIONS OF THE UNFCCC SUBSIDIARY BODIES AND KYOTO PROTOCOL AD HOC WORKING GROUP:** The 26th sessions of the subsidiary bodies to the UN Framework Convention on Climate Change (UNFCCC) will take place in Bonn, Germany, from 7-18 May 2007. They are likely to be held alongside the third session of the Kyoto Protocol's *Ad Hoc* Working Group and various workshops and other events, including a third UNFCCC dialogue on long-term cooperative action and a workshop on the scope and implications of the Russian proposal. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: [secretariat@unfccc.int](mailto:secretariat@unfccc.int); internet: <http://www.unfccc.int>

**OPEN-ENDED DIALOGUE ON THE FUTURE KEY CHALLENGES OF THE MONTREAL PROTOCOL:** This meeting is scheduled for 2-3 June 2007, in Nairobi, Kenya. For more information, contact: Ozone Secretariat; tel: +254-20-762-3850/1; fax: +254-20-762-4691; e-mail: [ozoneinfo@unep.org](mailto:ozoneinfo@unep.org)

**TWENTY-SEVENTH MEETING OF THE MONTREAL PROTOCOL'S OPEN-ENDED WORKING GROUP:** This meeting is scheduled for 4-8 June 2007, in Nairobi, Kenya. For more information, contact: Ozone Secretariat; tel: +254-20-762-3850/1; fax: +254-20-762-4691; e-mail: [ozoneinfo@unep.org](mailto:ozoneinfo@unep.org); internet: <http://hq.unep.org/ozone/Events/meetings2006and2007.asp>

**EXPERT MEETING ON REGIONAL IMPACTS, ADAPTATION, VULNERABILITY, AND MITIGATION:** Sponsored by the IPCC's Task Group on data and scenario support for Impact and Climate Analysis (TGICA), the Global Change System for Analysis, Research and Training (START) and the Pacific Centre for Environment and Sustainable Development at the University of South Pacific (PACE/USP) in Nadi, Fiji, from 20-22 June 2007. The meeting will explore innovative research approaches for addressing the multi-scale and multi-disciplinary challenges associated with climate change impacts, adaptation, vulnerability and mitigation. For more information, contact: IPCC Secretariat tel: +41-22-730-8208; fax: +41-22-7 30-8025; e-mail: [ipcc-wg1@al.noaa.gov](mailto:ipcc-wg1@al.noaa.gov); internet: [http://ipcc-wg1.ucar.edu/meeting/TGICA-Regional/TGICA-Regional\\_public.html](http://ipcc-wg1.ucar.edu/meeting/TGICA-Regional/TGICA-Regional_public.html)

**NINETEENTH MEETING OF THE PARTIES TO THE MONTREAL PROTOCOL:** MOP-19 is scheduled to take place from 17-21 September 2007, in Montreal, Canada. For more information, contact: Ozone Secretariat; tel: +254-20-762-3850/1; fax: +254-20-762-4691; e-mail: [ozoneinfo@unep.org](mailto:ozoneinfo@unep.org); internet: <http://ozone.unep.org/>

**UNFCCC DIALOGUE AND AWG 4:** The fourth workshop of the "Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention" and the fourth session of the *Ad Hoc* Working Group on Further Commitments for Annex I parties under the Kyoto Protocol (AWG), are expected to take place in September or October 2007, possibly in Bonn, Germany. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: [secretariat@unfccc.int](mailto:secretariat@unfccc.int); internet: <http://www.unfccc.int>

**THIRTEENTH CONFERENCE OF THE PARTIES TO THE UNFCCC AND THIRD MEETING OF THE PARTIES TO THE KYOTO PROTOCOL:** UNFCCC COP 13 and Kyoto Protocol COP/MOP 3 is expected to take place from 3-14 December 2007, in Indonesia. These meetings will coincide with the 27th meetings of the UNFCCC's subsidiary bodies and the fourth meeting of the *Ad Hoc* Working Group on Further Commitments from Annex I Parties under the Kyoto Protocol, and are expected to be held alongside the UNFCCC Dialogue on Long-Term Cooperative Action on Climate Change and various other events. For more information, contact the UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: [secretariat@unfccc.int](mailto:secretariat@unfccc.int); internet: <http://www.unfccc.int>

For more upcoming meetings, please visit: <http://www.iisd.ca/upcoming/linkagesmeetings.asp?id=5>

## GLOSSARY

A/R	Afforestation and Reforestation
AR4	IPCC Fourth Assessment Report
AWG	<i>Ad Hoc</i> Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol
CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
CER	Certified Emission Reductions (CDM)
CGE	Consultative Group of Experts on non-Annex I national communications
COP	Conference of the Parties
COP/MOP	Conference of the Parties serving as the Meeting of the Parties
DNAs	Designated National Authorities for the CDM
EGTT	Expert Group on Technology Transfer
GEF	Global Environment Facility
HCFC-22	Hydrochlorofluorocarbon-22
HFCs	Hydrofluorocarbons
HFC-23	Hydrofluorocarbon-23
IPCC	Intergovernmental Panel on Climate Change
ITL	International Transaction Log
JI	Joint Implementation
JISC	Joint Implementation Supervisory Committee
LDC	Least Developed Countries
LULUCF	Land use, land-use change and forestry
MDG	Millennium Development Goals
MTAF	Multilateral Technology Acquisition Fund
NAPA	National Adaptation Plans of Action
OPS3	Third Overall Performance Study of the GEF
RAF	Resource Allocation Framework
SB	UNFCCC Subsidiary Body
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SCCF	Special Climate Change Fund
SIDS	Small Island Developing States
TAR	IPCC Third Assessment Report
TDTB	Technology Development and Transfer Board
TNA	Technology Needs Assessments
UNFCCC	United Nations Framework Convention on Climate Change

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## RENEWABLES 2004 BULLETIN

*A Daily Report from the International Conference for Renewable Energies*

Published by the International Institute for Sustainable Development (IISD)

DAILY REPORTS AND WEB COVERAGE AT [HTTP://WWW.IISD.CA/SD/REN2004/](http://www.iisd.ca/sd/ren2004/)  
VOLUME 95, No. 5, MONDAY, 7 JUNE 2004

### SUMMARY REPORT OF THE INTERNATIONAL CONFERENCE FOR RENEWABLE ENERGIES - RENEWABLES 2004: 1-4 JUNE 2004

The International Conference for Renewable Energies (*renewables 2004*) took place from 1-4 June 2004, in Bonn, Germany. Approximately 3600 participants from 154 countries attended the Conference, including several Heads of State, 121 Ministers and representatives from governments, intergovernmental organizations (IGOs), non-governmental organizations (NGOs), the scientific community and the private sector.

The *renewables 2004* programme consisted of nine Plenary Sessions, including a Multi-Stakeholder Dialogue and a Ministerial Segment. The Multi-Stakeholder Dialogue addressed: the value of, and opportunities for, renewable energy - policy frameworks and regulatory certainty; and promoting renewable energy - finance and capacity for the future. Other Plenary Sessions addressed best-practice examples and success stories.

The Ministerial Segment included three Ministerial Roundtables that considered policies for renewable energy market development, financing options, and strengthening capacities, research and policy



Members of major groups and delegations in the main plenary room.

developing countries, and the mobilization of financial resources for new and renewable sources of energy. However, it was only following the 1992 UN Conference on Environment and Development (UNCED) that renewable energy issues began to feature more promi-

*"IISD proved to be as professional as their reputation is. The group covered all events taking place at the conference venue itself as well as many side events which were located in the vicinity of the conference hall.*

*IISD produced a well-designed bulletin including informative text and pictures of all important meetings, discussions and results of the main conference events. This bulletin was very useful for participants to follow events they could not attend or were also interested in.*

*IISD also published plenty of information and photos on their web site. This service was a real added value to our own conference coverage. The services of IISD, being an independent organization, were especially appreciated by the conveners of the conference, ie the Federal Ministry for Economic Cooperation and Development and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety"*

**Dr. Heinrich Schneider**  
Conference Secretariat  
International Conference for  
Renewable Energies, Bonn 2004

This product was developed in 2003 specifically for large conferences that include both substantive discussions and side events. Building on the success of the *Earth Negotiations Bulletin* and *ENB on the Side*, "Your Meeting" Bulletin was created as a conference daily report. IISD Reporting Services was hired to publish in this format at the World Forestry Congress, Renewables 2004 and the IUCN World Conservation Congress. "Your Meeting" Bulletin is a 4-6 page daily report and summary issue that includes coverage of policy discussions and/or negotiations, and extensive reporting from side events and special events during the conference.

For further information or to make arrangements for IISD Reporting Services to cover your meeting conference or workshop, contact the Managing Director:

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