

## COP 13 AND COP/MOP 3 HIGHLIGHTS: THURSDAY, 6 DECEMBER 2007

Contact groups and informal consultations were held throughout the day on a wide range of issues, including: AWG, second review of the Protocol under Article 9; long-term action under the Convention; the Adaptation Fund; Annex I and non-Annex I communications; the Buenos Aires programme of work on adaptation and response measures (decision 1/CP.10); capacity building; carbon capture and storage under the CDM; the financial mechanism; LDCs; the Nairobi work programme on impacts, vulnerability and adaptation; privileges and immunities; reducing emissions from deforestation; and technology transfer.

### CONTACT GROUPS AND INFORMAL CONSULTATIONS

**AWG:** Delegates met informally to consider the AWG's work programme and timetable. Discussions were based on a new paper outlining the calendar and proposing to start with a thematic workshop and technical papers. Informal consultations will continue on Friday based on a new text.

**SECOND REVIEW OF THE PROTOCOL UNDER ARTICLE 9:** Co-Chair Macey invited comments on scope, content and preparation leading up to COP/MOP 4.

On the scope of the review, AOSIS, the AFRICAN GROUP and CHINA warned against undermining the Protocol. The AFRICAN GROUP, SWITZERLAND, CHINA, INDIA, INDONESIA and TANZANIA underscored implementation of existing commitments. INDIA ruled out new commitments for developing countries and called for work on lifestyle issues.

On content, JAPAN highlighted forms of commitments for all major emitters. SAUDI ARABIA supported a compliance system with legally-binding consequences. The EU included carbon markets. With CANADA, AUSTRALIA and NEW ZEALAND, the EU called for work on LULUCF.

A number of countries called for work on sectors and sources. Several parties, including AOSIS, the EU, CANADA and NEW ZEALAND suggested work on annexes and amendments. The RUSSIAN FEDERATION and AUSTRALIA cited the Russian proposal. The EU, IRAN, SOUTH AFRICA and SAUDI ARABIA said the review should address finance and adaptation. AOSIS, the AFRICAN GROUP, TANZANIA, and INDIA called for extension of funding for adaptation from other mechanisms. SAUDI ARABIA added adaptation to response measures.

AOSIS emphasized new sectors, including bunker fuels. The AFRICAN GROUP, SAUDI ARABIA, CHINA and TANZANIA called for work on the CDM. CANADA stressed differentiation and burden sharing.

On preparations, AOSIS, the EU, CANADA, TANZANIA and NEW ZEALAND supported coordination with other processes, including the AWG. CANADA called for an *ad hoc* working group. Informal consultations will continue.

**LONG-TERM COOPERATIVE ACTION UNDER THE CONVENTION:** Co-Facilitators Bamsey and De Wet convened informal discussions, inviting parties to reflect on the direction of the process. One party suggested an approach recognizing Kyoto and "non-Kyoto" Annex I parties, enabling the latter to take on commitments, as well as giving developing countries opportunities to take action such as sustainable development policies and measures. On mitigation, a group of countries argued for limiting temperature rise to below 2°C, and highlighted the need for incentives for national strategies.

**ADAPTATION FUND:** Co-Chairs Uosukainen and Aneadu convened informal discussions on their draft text incorporating proposals from the EU, Japan and the G-77/China. Discussions focused on the proposed functions for an Adaptation Fund Board, which the Co-Chairs had set out in an annex. Parties agreed to import these paragraphs, including a number of brackets, into the body of the negotiating text, having agreed that a COP/MOP 3 decision should be specific about the responsibilities of the Board. Parties also discussed the role of the COP/MOP in relation to the Adaptation Fund Board, with some raising concerns about the risks of a weak Board, including delays in decision making. Parties also discussed options for the number of representatives to serve on the Board and voting.

**ANNEX I COMMUNICATIONS: Compilation and synthesis of fourth national communications:** The US, supported by the EU, JAPAN, NEW ZEALAND and CANADA, advocated "straightforward" conclusions thanking the Secretariat and specifying the timing of the fifth national communications. The G-77/CHINA expressed concern over growing emissions in most Annex I parties, and suggested referring to Annex I emissions trends and policies and measures. Several Annex I parties opposed this, stressing the amount of detail and negotiation needed for "balanced conclusions" on information already contained in the document. The US highlighted that the fourth national communications would not be changed based on the SBI conclusions. Co-Chairs Gera and Yang will consult informally.

**BUENOS AIRES PROGRAMME OF WORK (DECISION 1/CP.10):** SBI Chair Asadi introduced draft text based on discussions at SB 26, containing sections on adaptation and response measures. Several parties requested time to consider the draft. SAUDI ARABIA said the text would require more details on "true implementation," since parties are

now going beyond the information gathering stage. Discussions resumed informally in the afternoon, with general agreement that the text represented a sound basis for discussions but that more time was needed for its proper consideration. Informal consultations will continue.

**CAPACITY BUILDING UNDER THE CONVENTION:** Co-Chair D'Auvergne recalled that a comprehensive review on the issue is due to start in 2008. The EU lamented the overlap of the meeting with sessions on the Nairobi Framework. JAPAN and the US regretted the shortage of submissions from developing countries.

**CAPACITY BUILDING UNDER THE PROTOCOL:** The G-77/CHINA stressed a comprehensive approach, including measurable activities that can be monitored, and called for reporting on concrete activities addressing the CDM's regional imbalances. The EU proposed limiting discussions to capacity building, as only one of the factors affecting the regional imbalance of CDM projects. Draft conclusions will be available Friday morning.

**CARBON CAPTURE AND STORAGE UNDER THE CDM:** Chair Radunsky suggested that the contact group focus on the process towards reaching a decision at COP/MOP 4. He noted policy and technical issues and proposed focusing on policy issues during informal consultations. JAPAN underscored existing technical knowledge. CANADA said the CDM Executive Board should be tasked with addressing technical issues and underscored long-term liability. Consultations will continue informally.

**FINANCIAL MECHANISM:** Co-Chairs Guthrie and Jallow convened the first contact group on the fourth review of the UNFCCC financial mechanism and the GEF. Guthrie reported that the G-77/China had prepared elements of a draft decision on additional guidelines for the review. The text sets out objectives, including an examination of all sources and means of financing to assist developing countries to contribute to the achievement of the Convention's objective, and the development of options for innovative financing.

The EU favored launching a call for submissions to inform deliberations at SBI 28. Co-Chair Guthrie queried the timeliness of parties' deliberations for input to GEF replenishment negotiations commencing in 2009. Informal consultations will be held Friday.

**LEAST DEVELOPED COUNTRIES:** Many parties supported extension of the LDC Expert Group (LEG) mandate (decision 29/CP.7) to assist with implementation of national adaptation programmes of action (NAPAs). Discussion revolved around the length of extension. MALDIVES, NEPAL, MALI, SUDAN, UGANDA, SENEGAL, VANUATU and others proposed five years, while the EU and SWITZERLAND proposed two years to allow for reflection afterwards on the role of the Expert Group vis-à-vis implementing agencies. LEG Chair Jallow underscored a constructive mutual understanding with implementing agencies since the LEG's creation, and proposed expanding the LEG to include implementing agencies. Consultations will continue informally.

**NAIROBI WORK PROGRAMME (NWP):** Co-Chair Plume recalled the NWP's objectives, highlighting its aim to assist countries to improve their understanding of climate change impacts and to make informed decisions on ways to adapt. South Africa, for the G-77/CHINA, stressed that the IPCC AR4 had clearly raised the importance of adaptation, specifically in areas related to the NWP, and emphasized the need to include expertise on the ground, identifying this as a key role of an expert group. The COOK ISLANDS, supported by the PHILIPPINES, proposed highlighting the recommendations from the workshops and inviting organizations and parties to implement them. The US opposed this, noting synergies between the various NWP themes and suggesting instead waiting until the mid-course evaluation at SBSTA 28.

**NON-ANNEX I COMMUNICATIONS: Consultative Group of Experts (CGE):** Delegates discussed whether to start negotiations on the CGE's new mandate based on its current terms of reference in decision 3/CP.8. The G-77/CHINA supported this approach while the US, CANADA and JAPAN opposed it, stressing the need for a new and different mandate. After lengthy discussions, delegates agreed to exchange general views. The US and CANADA proposed that the CGE be mandated to examine non-Annex I national communications. The G-77/CHINA stressed their opposition to any review or examination of non-Annex I communications. Co-Chairs Rolle and Tilley will prepare text and consult informally.

**Financial and technical support:** Stressing full-cost funding, the G-77/CHINA, supported by AOSIS, opposed applying GEF's Resource Allocation Framework (RAF) to non-Annex I communications, stressed the lack of an explicit decision on this issue and noted the need for COP guidance. A GEF representative indicated that the RAF increases resources available for SIDS and drew attention to a GEF Council decision on applying RAF to all climate change funding without explicitly mentioning national communications. Co-Chairs Rolle and Tilley will prepare text and consult informally.

**PRIVILEGES AND IMMUNITIES:** Chair Watkinson noted substantive discussions and the development of various options at previous SBI meetings. The EU said any discussion on a legally-binding approach should only be in the context of post-2012 arrangements, and could therefore potentially be considered under the Protocol Article 9 review process. Further consultations will continue Friday.

**REDUCING EMISSIONS FROM DEFORESTATION:** Informal consultations held throughout the day considered methodological issues, including possible indicative modalities and reference emission levels. Discussions will continue Friday.

**TECHNOLOGY TRANSFER (SBSTA):** During consultations on technology transfer under the SBSTA, some progress was reported regarding extending the mandate of EGTT for another five years, with some delegates noting that outcomes in this group are linked to those under the SBI contact group on technology transfer.

### IN THE CORRIDORS

As delegates hurried from one contact group or informal consultation to the next on Thursday, some were heard commenting on meeting "overload." With even more issues on the table than usual and the UN guideline limiting simultaneous formal meetings to two, many contact groups were much shorter than usual – just 30 minutes in some cases. Most Chairs were quick to push discussions into "informal" or small group consultations, where the rule limiting the number of parallel meetings does not apply.

However, some delegates were wondering whether even this approach could deliver strong outcomes across all agenda items. "Time is ridiculously short to develop text," said one negotiator, while another observed that, with so many informal consultations, many delegates were "double booked" and unable to give each issue the attention it deserved. "I suspect that we will adopt a 'holding pattern' on some of the non-critical issues and push back real discussions to SB 28," speculated one participant. "That way, we can stay focused on the important post-2012 issues here in Bali," she added.

Meanwhile, several delegates were commenting on a local newspaper's front page story suggesting that developing countries had endorsed the GEF to "manage" the Adaptation Fund, with some claiming the story was misleading and unhelpful. "While the GEF's involvement now seems highly likely, the exact nature of its role has yet to be confirmed," said one delegate.