

COP 13 AND COP/MOP 3 HIGHLIGHTS: MONDAY, 10 DECEMBER 2007

Contact groups and informal consultations were held throughout Monday in an effort to conclude work under the SBI and SBSTA before their closing plenaries scheduled for Tuesday. Delegates completed their work on a range of issues, including the Adaptation Fund, education, training and public awareness, mitigation, carbon capture and storage under the CDM, the IPCC, and the Nairobi Work Programme. Discussions continued into the night on capacity building, non-Annex I communications, reducing emissions from deforestation, and technology transfer. Discussions also continued on long-term cooperative action under the Convention, the AWG, and second review of the Protocol under Article 9.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

AWG: In the morning, AWG Chair Charles convened informal discussions on a revised draft on the AWG's review of its work programme, methods of work and schedule of future sessions. Discussions focused on, *inter alia*: means available to Annex I parties to reach their emission reduction targets; spillover effects, particularly on developing countries, of tools, measures and methodologies available to Annex I parties; and referencing the IPCC AR4.

In an afternoon contact group, Chair Charles distributed new text. The EU emphasized coordination with other post-2012 processes, especially the Article 9 review, and AUSTRALIA, CANADA and others proposed mentioning the Bali roadmap. Delegates then considered the text paragraph-by-paragraph. The EU proposed adding text that the AWG "agreed," in line with the AR4, that emissions need to peak within the next 10-15 years and be reduced well below 2000 levels by the middle of the century. Informal consultations continued late into the evening.

SECOND REVIEW OF THE PROTOCOL UNDER

ARTICLE 9 – SCOPE AND CONTENT: In the morning contact group, parties responded to draft text submitted by the Co-Chairs Saturday night. Many Annex I parties said the review should focus on the effectiveness of the Protocol. This was opposed by many non-Annex I parties, who preferred focusing on implementation. AUSTRALIA, the RUSSIAN FEDERATION, CANADA and Micronesia, for AOSIS, supported establishment of an *ad hoc* working group, but this was opposed by South Africa, for the AFRICAN GROUP, as well as by CHINA, SAUDI ARABIA, INDIA and others.

JAPAN, the EU, CANADA, RUSSIAN FEDERATION and AOSIS, opposed by CHINA, SAUDI ARABIA, INDIA and others, supported requesting submissions on procedures for amending the Annexes to the Protocol. SWITZERLAND and others said text should not prejudice COP/MOP decisions, particularly on post-2012 issues. The AFRICAN GROUP stressed levying proceeds from the flexible mechanisms to finance the Adaptation Fund and equitable distribution of CDM projects. NORWAY called for explicit reference to bunker fuels. Informal consultations continued late on Monday, based on revised text.

LONG-TERM COOPERATIVE ACTION UNDER THE CONVENTION: Co-Facilitators Bamsey and De Wet convened informal discussions on their draft decision issued as a non-paper. Parties discussed: more emphasis on adaptation and clarity on the four building blocks; reference to the 2°C limit in temperature increase; reference to quantified emission limitation and reduction commitments; a long-term global goal; reference to how all parties can contribute to mitigation, including commitments; treatment of LDCs and SIDS as a cross-cutting issue; exclusion of a paragraph on scientific evidence; the formation of a negotiating committee; resources for adaptation, including linkage to non-compliance by Annex I parties; the exclusion of energy security; and a reference to "equity." Parties also commented on a newly-elaborated draft annex consisting of an indicative, non-exhaustive list of issues raised that may be relevant to the work programme. A number of parties preferred to draw up such a list later in the process. On operative paragraphs, parties put forward alternative proposals on the process, emissions from aviation and maritime transportation, and incentives for developing countries to implement sustainable development policies and measures leading to quantifiable and verifiable emissions reductions. Informal consultations continued into the night.

ADAPTATION FUND: In a late afternoon contact group, Co-Chair Anaedu introduced a revised text emerging from informal consultations. Delegates agreed to add a paragraph following concerns expressed by South Africa, for the G-77/ CHINA, on the implications of any future institutional arrangements for existing project activities. Parties agreed to a COP/MOP decision on how the Fund will operate, including its governing body, functions, secretariat, trustee and other institutional arrangements.

Parties agreed that the Adaptation Fund Board will have 16 members from parties to the Protocol, with representation as follows: two from each of the five UN regional groups; one

from SIDS; one from LDCs; two others from non-Annex I; and two others from Annex I. The draft decision establishes that secretariat services will be provided "in a functionally independent and effective manner," and invites the GEF to provide secretariat services "on an interim basis." It also invites the World Bank to serve as the trustee for the Fund on an interim basis. The text decides to undertake a review of all matters relating to the Adaptation Fund at COP/MOP 6, and every three years thereafter.

BUENOS AIRES PROGRAMME OF WORK (DECISION 1/CP.10): In a late afternoon contact group, parties considered revised draft SBI conclusions paragraph-by-paragraph. Regarding a proposed meeting at SB 28 convened jointly by the SBI and SBSTA Chairs, the US opposed this proposal, while the EU and others supported it, noting the relevance for the SBI of the related issue of the Nairobi Work Programme under SBSTA. Informal consultations continued.

CAPACITY BUILDING: In discussions on capacity building under the Convention, differences of opinion persisted, particularly on the nature of the outcome. While Tanzania, speaking for the G-77/CHINA, sought a COP decision, the EU preferred SBI conclusions. Delegates also disagreed over which text should form the basis for discussion. Informal consultations continued into Monday evening.

CARBON CAPTURE AND STORAGE (CCS) UNDER THE CDM: After informal consultations and a contact group on Monday morning, outstanding issues included contents of submissions from intergovernmental and non-governmental organizations, and whether to organize an intersessional workshop. Co-Chair Radunsky, opposed by several delegates, proposed deleting the related paragraphs or having only procedural SBSTA conclusions.

After further informal consultations, the contact group reconvened in the evening. Text had been removed on the detailed contents of the submissions and on the intersessional workshop. After also removing text referring to recommendations for a COP/MOP 4 decision, delegates agreed to the SBSTA conclusions.

EDUCATION TRAINING AND PUBLIC AWARENESS: With agreement already reached on text for an annex containing an amended New Delhi Work Programme, delegates agreed to a decision text following morning and early afternoon consultations.

FINANCIAL MECHANISM OF THE CONVENTION: Additional guidance to the GEF: In the morning, delegates worked through a new compilation text by the Co-Chairs, bracketing, *inter alia*, text on country dialogues, implementing agencies, co-financing and the concept of incremental cost. Delegates continued to consult informally.

IPCC AR4: Consultations continued late into Monday evening, when the Co-Chairs presented draft SBSTA conclusions and a draft COP decision as a package. Parties agreed to forward the text to the SBSTA, with one developing country expressing reservations, which he said he would reiterate in plenary. The text includes submissions from parties, a workshop, reporting of the workshop to SBSTA, consideration of the issue by SBSTA 29, and a decision that AR4 will inform all relevant agenda items under the COP.

MITIGATION: Informal consultations on the scientific, technical and socio-economic aspects of mitigation concluded on Monday with agreement on a draft text that will be taken up by SBSTA on Tuesday.

NAIROBI WORK PROGRAMME (NWP): Parties agreed to SBSTA draft conclusions which, *inter alia*: welcome progress made by the NWP in catalyzing action; invite parties to update the UNFCCC roster of experts to ensure all areas of expertise relevant to adaptation are represented; and request the Secretariat

to prepare a report on lessons learned in involving experts in the NWP and to consider the need for a group of experts at SBSTA 29.

NON-ANNEX I COMMUNICATIONS: Consultative Group of Experts (CGE): In a brief contact group meeting on Monday morning, the Co-Chairs distributed new text. The US expressed willingness to work based on the text but also tabled a paper outlining their views on the CGE's terms of reference. Delegates then continued informal consultations to consider the text paragraph-by-paragraph.

Financial and technical support: Parties met in informal consultations in the afternoon, with discussions continuing late into the evening.

REDUCING EMISSIONS FROM DEFORESTATION: Informal consultations were held throughout the day and into the night. Parties agreed to a proposal by the Co-Chairs to refer to "demonstration" instead of "pilot" activities. However, parties did not agree to one party's proposal to include conservation and enhancement of carbon stocks, although participants did indicate a willingness to consider the matter at a future session. An annex with indicative modalities for use in the demonstration activities was also pending. Consultations will resume on Tuesday morning.

TECHNOLOGY TRANSFER (SBSTA): The group met informally throughout the day, and almost finalized the terms of reference of the EGTT. There was agreement on the EGTT developing performance indicators and reporting back to the SBSTA and SBI, that the EGTT will meet at least twice a year, and that it will take into account a list of criteria in all its analyses and assessments. Outstanding issues include whether to have a joint contact group under the SBSTA and SBI agenda items, and text in the draft decision relating to the funding of the EGTT.

TECHNOLOGY TRANSFER (SBI): The group continued to meet informally, however little progress was reported by Monday night.

IN THE CORRIDORS

Delegates were reporting mixed results on Monday in their scramble to finish work under the multitude of SBI and SBSTA agenda items. One notable success was the agreement on Monday evening on the Adaptation Fund, with the final text being greeted by enthusiastic applause. "The decision on the GEF as the Secretariat and the World Bank as trustee was widely expected, although the reference to this as an interim arrangement up for review every three years was a surprise to me," said one observer. "I think most of us are delighted to have finalized the Fund whether you like the precise details or not," added another.

Meanwhile, delegates were also discussing the Co-Facilitators' "non-paper" on the Convention track distributed late on Saturday. While there was almost universal endorsement of the text as a sound basis for negotiations, the jury was still out on the ability of parties to project a common vision in a Bali roadmap. Some parties were already positioning themselves for several long days of talks, with initial sparring reported regarding language on targets, and which countries these should apply to. "The text is a good start, but I don't think we'll see an agreement on the roadmap before Friday," warned one. Some also predicted that the second review of the Protocol under Article 9 and even the AWG would be sent to ministers and solved at the end of the meeting.

Delegates were also talking about the IPCC's Nobel Peace Prize, which was awarded today in Oslo and screened live to delegates in one of the Bali conference rooms. Unfortunately, and somewhat ironically, some delegates were unable to view the event, since they remained locked in evening negotiations.... on text about the IPCC.