

SUMMARY OF THE ELEVENTH CONFERENCE OF THE PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE AND FIRST CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE KYOTO PROTOCOL: 28 NOVEMBER – 10 DECEMBER 2005

The eleventh Conference of the Parties (COP 11) to the UN Framework Convention on Climate Change (UNFCCC) and the first Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 1) took place in Montreal, Canada, from 28 November to 10 December 2005. The event drew 9500 participants, including 2800 government officials, over 5800 representatives of UN bodies and agencies, intergovernmental organizations and non-governmental organizations, and 817 accredited members of the media.

At COP/MOP 1, parties discussed and adopted decisions on the outstanding operational details of the Kyoto Protocol, including a package of decisions known as the “Marrakesh Accords.” These decisions contain guidelines for how the Protocol will function, such as those relating to the “flexible mechanisms” intended to help parties reach their emissions targets in a cost-effective way, and a compliance mechanism. COP/MOP 1 also took decisions on a process for considering further commitments for post-2012, when the Protocol’s first commitment period ends. Various methodological, administrative, financial and institutional matters were also considered.

COP 11 addressed issues such as capacity building, technology development and transfer, the adverse effects of climate change on developing and least developed countries, and several financial and budget-related issues, including guidelines to the Global Environment Facility (GEF), which serves as the Convention’s financial mechanism. After lengthy negotiations, the COP also agreed on a process for considering future action beyond 2012 under the UNFCCC.

The COP and COP/MOP were assisted in their work by the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), which

met from 29 November to 6 December. There were also over a twenty contact groups formed to help advance discussions, and a large number of informal consultations.

A joint COP and COP/MOP high-level segment was held from 7-9 December. Over 120 ministers and other high-level government officials made statements, along with senior representatives of observer organizations, UN bodies, specialized agencies and other stakeholders. Over 140 “side events” were held on a range of climate change topics, (reports can be found at <http://www.iisd.ca/climate/cop11/enbots/>). There were also several major “parallel events” organized with assistance from the host government, as well as numerous other climate and energy-related exhibits, displays, launches and initiatives.

In his closing comments early in the morning on 10 December, COP President Stéphane Dion declared the meetings a success, expressing satisfaction that they had avoided so many potential pitfalls and achieved a consensus outcome. With the Kyoto Protocol now operational and a post-2012 path now envisaged, most participants agreed that COP 11 and COP/MOP 1 was an important milestone in moving the process forward.

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. Global climate varies naturally, but scientists agree that rising

IN THIS ISSUE

A Brief History of the UNFCCC and the Kyoto Protocol . . .	1
Report of COP 11 and COP/MOP 1	2
UNFCCC COP 11 Report	3
Kyoto Protocol COP/MOP 1 Report.	9
High-level Segment.	16
Closing COP and COP/MOP Plenary	18
A Brief Analysis of COP 11 & COP/MOP 1	18
Upcoming Meetings	20

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Soledad Aguilar, Alexis Conrad, María Gutiérrez, Kati Kulovesi, Miquel Muñoz, and Chris Spence. The Digital Editor is Dan Birchall. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Director of IISD Reporting Services is Langston James “Kimo” Goree VI <kimo@iisd.org>. The Sustaining Donors of the *Bulletin* are the Government of the United States of America (through the Department of State Bureau of Oceans and International Environmental and Scientific Affairs), the Government of Canada (through CIDA), the Swiss Agency for Environment, Forests and Landscape (SAEFL), the United Kingdom (through the Department for International Development - DFID), the Danish Ministry of Foreign Affairs, the Government of Germany (through the German Federal Ministry of Environment - BMU, and the German Federal Ministry of Development Cooperation - BMZ), the Netherlands Ministry of Foreign Affairs, the European Commission (DG-ENV), and the Italian Ministry of Environment. General Support for the *Bulletin* during 2005 is provided by the United Nations Environment Programme (UNEP), the Government of Australia, the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Ministry of Sustainable Development and the Ministry of Foreign Affairs of Sweden, the Ministry of Environment and the Ministry of Foreign Affairs of Norway, the Ministry of Environment and the Ministry of Foreign Affairs of Finland, SWAN International, the Japanese Ministry of Environment (through the Institute for Global Environmental Strategies - IGES), and the Japanese Ministry of Economy, Trade and Industry (through the Global Industrial and Social Progress Research Institute - GISPRI). Funding for translation of the *Earth Negotiations Bulletin* into French has been provided by the International Organization of the Francophonie (IOF) and the French Ministry of Foreign Affairs. Funding for the translation of the *Earth Negotiations Bulletin* into Spanish has been provided by the Ministry of Environment of Spain. The opinions expressed in the *Earth Negotiations Bulletin* are those of the authors and do not necessarily reflect the views of IISD or other donors. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications with appropriate academic citation. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-646-536-7556 or 212 East 47th St. #21F, New York, NY 10017, USA.

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 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 making the 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. To date, 157 parties have ratified the Kyoto Protocol, including 37 Annex I Parties representing 61.6% of 1990 Annex I greenhouse gas emissions. 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. The Plan set COP 6 as the deadline for finalizing these rules and operational 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 delegates suspended COP 6 until July 2001, when it reconvened in Bonn, Germany. After further talks, delegates agreed to adopt a political decision, the Bonn Agreements. While this decision provided high-level political direction on the implementation of the Kyoto Protocol, 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 late October and early November 2001 at COP 7, delegates resumed their discussions and reached agreement on the Marrakesh Accords. These

Accords consist 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 that should be adopted by the first COP/MOP. The Accords also address 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, agreeing on rules and procedures for the CDM Executive Board, and on modalities and procedures for afforestation and reforestation project activities under the CDM. Parties also discussed how to integrate findings of the IPCC's Third Assessment Report into the work of the UNFCCC, and agreed on two new agenda items focused on adaptation and mitigation.

COP 10: At COP 10 in Buenos Aires in December 2004, delegates agreed to the Buenos Aires Programme of Work on Adaptation and Response Measures. Parties also took decisions on technology transfer, LULUCF, the UNFCCC's financial mechanism, and education, training and public awareness. 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 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. The Kyoto Protocol requires parties to begin considering the post-2012 period by 2005. Delegates agreed to hold a Seminar of Governmental Experts prior to SB 22 in May 2005, although the terms of reference for the Seminar did not refer specifically to the post-2012 period or new commitments.

SEMINAR OF GOVERNMENTAL EXPERTS AND SB 22: This seminar took place in May 2005, in Bonn. Delegates started to address some of the broader issues facing the climate change process, including a future framework and commitments beyond 2012. Immediately following the seminar, the 22nd meeting of the Subsidiary Bodies (SB 22) convened, focusing on preparations for COP 11 and COP/MOP 1, and addressing a variety of issues ranging from budget matters to adaptation and mitigation.

REPORT OF COP 11 AND COP/MOP 1

The eleventh Conference of the Parties to the UN Framework Convention on Climate Change and first Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol opened on Monday, 28 November 2005. Parties also met for the twenty-third sessions of the Subsidiary Bodies, a high-level ministerial segment, and numerous contact groups and informal consultations.

These meetings resulted in the adoption of 14 decisions by the COP and over 30 by the COP/MOP, 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.

UNFCCC COP 11 REPORT

COP 11 opened on Monday morning, 28 November, with a welcoming ceremony that involved presentations from Gerald Tremblay, Mayor of Montreal, and Jean Charest, Premier of Québec. Mayor Tremblay highlighted the seriousness of climate change and the support of local governments for reducing greenhouse gas emissions. Premier Charest noted the province of Québec's support for emissions reductions and the need for strong action to address climate change. The speeches were followed by a live performance highlighting the impacts of climate change.

COP 10 President Ginés González García (Argentina) then officially opened COP 11. He asked delegates to observe one minute of silence in memory of UNFCCC Executive Secretary Joke Waller-Hunter, who passed away on 14 October 2005. Praising her "tireless dedication and enthusiasm," he said the best tribute delegates could give would be to produce a strong outcome at this meeting.

Parties then elected by acclamation Stéphane Dion, Canada's Environment Minister, as President of COP 11 and COP/MOP 1. Dion called for steps to "implement, improve and innovate," including formally adopting the Marrakesh Accords and improving implementation of the UNFCCC and Kyoto Protocol, including the Clean Development Mechanism (CDM). He also noted the need to begin consideration of commitments beyond 2012.

UNFCCC Acting Executive Secretary Richard Kinley highlighted 2005 as a remarkable year for international climate policy, and drew attention to new data showing an increase in Annex I emissions and the need for further action.

Several countries made opening statements and highlighted technology transfer and the five-year programme of work on adaptation. Jamaica, on behalf of the Group of 77 and China (G-77/China), expressed concern about the Resource Allocation Framework (RAF) of the Global Environment Facility (GEF). The United Kingdom, on behalf of the European Union (EU), called for an "open mind" and "creative and innovative ways" to address climate change after 2012. Kenya, for the Africa Group, noted an inadequate commitment on capacity building, while Bangladesh, on behalf of the LDCs, highlighted the need to operationalize the LDC, Adaptation and Special Climate Change Funds.

ORGANIZATIONAL MATTERS

ADOPTION OF THE RULES OF PROCEDURE: The COP then considered the draft rules of procedure and, noting lack of progress on draft rule 42 (voting), agreed to apply the draft rules of procedure, with the exception of draft rule 42. Further consultations during COP 11 did not result in agreement on rule 42.

ADOPTION OF THE AGENDA: Parties then adopted 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). This particular item has been held in abeyance at every COP since COP 4 due to a lack of agreement on a proposal by the G-77/China to amend the item to "Review of the adequacy of implementation" of Article 4.2 (a) and (b).

Following further consultations on the matter, President Dion reported back to the COP on 9 December that no agreement had been reached and that the issue would be held in abeyance and included on COP 12's agenda.

Regarding COP 11's organization of work, the US emphasized the need for a clear separation between Convention and Protocol-related issues. The COP agreed on the organization of work as proposed by the President and approved the list of organizations to be admitted as observers (FCCC/CP/2005/2).

ELECTION OF THE COP BUREAU: On Friday, 9 December, the COP elected officers other than the President. The COP Vice Presidents are: Heorhiy Veremiychyk (Ukraine), Atilio Savino (Argentina), Bruno T. Sekoli (Lesotho), Ibrahim Ahmed Ali Al-Ajmi (Oman), Fariba Darvishi (Iran), Jacek Mizak (Poland), and Enele Sopoaga (Tuvalu). William Agyemang-Bonsu (Ghana) was elected as COP Rapporteur, Kishan Kumarsingh (Trinidad and Tobago) was elected Chair of SBSTA, and Thomas Becker (Denmark) was re-elected SBI Chair. The COP also approved the calendar of meetings of convention bodies for 2006-2010 (FCCC/SBI/2005/10) and the report on credentials (FCCC/CP/2005/4).

OFFER TO HOST COP 12 AND COP/MOP 2: During the closing session of COP 11, Kenya announced its offer to host COP 12 and COP/MOP 2. The Secretariat will report back to parties by February 2006.

REVIEW OF IMPLEMENTATION OF COMMITMENTS AND OTHER PROVISIONS OF THE CONVENTION

The agenda item on review of implementation of commitments and other provisions of the Convention involved consideration of several sub-items dealing with the financial mechanism, national communications from both Annex I and non-Annex I Parties, the development and transfer of technologies, capacity building under the Convention, and implementation of UNFCCC Article 4.8 and 4.9 (adverse effects), which included consideration of the five-year programme of work on adaptation and matters relating to least developed countries (LDCs). This section summarizes the discussions and outcomes on each of these sub-items.

FINANCIAL MECHANISM (CONVENTION): These items were first taken up in SBI plenary on 29 November, at which time they were forwarded to a contact group co-chaired by Rawlestone Moore (Barbados) and Karsten Sach (Germany). The contact group met several times between 29 November and 6 December on these items and financial items under the Kyoto Protocol.

Special Climate Change Fund: The contact group discussed this issue from 30 November to 2 December, negotiating from the text forwarded by SBI 22 (FCCC/2005/SBI/10). The Co-Chairs introduced a new draft decision but progress was slow and delegates did not agree on wording, regarding the Fund's priority areas, and the timing, regarding the COP's review of SCCF implementation in such areas. On 2 December, Parties agreed to forward revised text from the contact group Co-Chairs, as well as proposals from the EU and G-77/China, to SBI Chair Becker. SBI Chair Becker introduced a revised text to the SBI plenary on 6 December, but the G-77/China proposed, and Parties agreed, to forward instead the text from SBI 22 to SBI 24.

SBI Conclusions: The SBI draft conclusions carried over from SBI 22 (FCCC/SBI/2005/10) include reference to the activities, programmes, and measures relating to climate change in the areas set out in paragraph 2(c) of Decision 7/CP.7 (funding under the Convention – Special Climate Change Fund) that are complementary to those funded by resources allocated to the climate change focal area of the GEF. Bracketed text remains in the priority areas identified, as well as in the subsequent section outlining funding areas that are complementary to paragraph 2(d) Decision 7/CP.7.

Matters Relating to the Implementation of Decision 5/CP.8 (Review of the Financial Mechanism): After introduction of this issue in SBI on 29 November, delegates discussed this issue informally and in a contact group meeting on 2 December, at which time parties approved draft SBI conclusions.

SBI Conclusions: In its conclusions (FCCC/SBI/2005/L.28), SBI notes with appreciation the report from the Secretariat on the experience of international funds and multilateral financial institutions relevant to the investment needs of developing countries in meeting their commitments under the Convention (FCCC/SBI/2005/INF.7). SBI agrees to use the report at SB 24 as input to the consideration by SBI of the third review of the financial mechanism, and to report on the outcome of that consideration at COP 12.

Additional Guidance to an Operating Entity of the Financial Mechanism: Following SBI plenary consideration on 29 November, parties discussed this item informally and adopted a draft COP decision on 6 December. On 9 December, the COP adopted the decision.

COP Decision: In its decision (FCCC/SBI/2005/L.29), the COP requests the GEF to include in its report to the COP information on the initial application of the RAF to resources allocated in the fourth replenishment and how the RAF is likely to affect funding available to developing countries for the implementation of their commitments under the Convention. It also requests the GEF to consider whether supporting carbon capture and storage technologies, in particular capacity-building activities, would be consistent with its strategies and objectives and, if so, how they could be incorporated within its operational programmes.

NATIONAL COMMUNICATIONS: Annex I Parties: SBI considered Annex I national communications in plenary on 28 November, focusing on proposals for streamlining the review processes for 2006-2007 (FCCC/SBI/2005/16); and taking note of the report on national greenhouse gas inventory data from parties included in Annex I to the Convention for the period 1990-2003 (FCCC/SBI/2005/17), and of the status report on the review of third national communications (FCCC/SBI/2005/INF.9). A contact group co-chaired by Emily Ojoo-Massawa (Kenya) and Dimitrios Lalas (Greece), met from 29 November to 2 December and drafted two decisions on streamlining review of national communications under the Convention and under the Kyoto Protocol. On 6 December, SBI adopted these two decisions, which were subsequently confirmed by COP and COP/MOP on 9 December.

COP Decision: In its decision (FCCC/SBI/2005/L.23), the COP agrees to streamline review procedures for Annex I national communications under the Convention for the period 2006-2007.

COP/MOP Decision: In its decision (FCCC/SBI/2005/L.24), the COP/MOP agrees to review procedures for reporting required under the Protocol from Annex I Parties in 2006-2007.

Non-Annex I Parties: On 28 November, the SBI plenary considered non-Annex I national communications, focusing on compiled information on this issue (FCCC/SBI/2005/18 and Add. 1-6), and projects proposed by non-Annex I Parties for financing, as permitted under UNFCCC Article 12.4 (FCCC/SBI/2005/Inf.8). Following informal consultations, SBI adopted conclusions and a draft decision on submission of second or third national communications on 6 December. These texts relate to the work of the Consultative Group of Experts (CGE), the compilation and synthesis of initial national communications, and provision of financial support. Discussions on this item focused on whether a broad or focused scope should be given to the CGE for the development of a comprehensive training strategy and other technical support. Delegates agreed that the strategy should be “cost-effective and comprehensive.” On 9 December, the COP and COP/MOP confirmed these decisions and conclusions.

COP Decision: The COP adopted a decision on submission of second, or third national communications (FCCC/SBI/2005/10/Add.1) deciding, *inter alia*, that non-Annex I Parties should apply for financing for their second or third national communications, whether or not they have completed their first national communications, and seek to submit them within four years of the disbursement of funds.

They also adopted conclusions on the Consultative Group of Experts on National Communications from non-Annex I Parties (FCCC/SBI/2005/L.27), compilation and synthesis of initial national communications (FCCC/SBI/2005/L.26), and financial and technical support (FCCC/SBI/2005/L.25/Rev.1).

TECHNOLOGY TRANSFER: Technology transfer was first addressed by the SBSTA in plenary on 29 November. The issue was divided into two sub-agenda items, on matters relating to the implementation of the framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention, and on the 2006 Work Programme of the Expert Group on Technology Transfer (EGTT). EGTT Chair Kishan Kumarsingh (Trinidad and Tobago) presented the EGTT’s 2005 annual report and a proposal for the EGTT’s 2006 work programme (FCCC/SBSTA/2005/INF.10), with a focus on, *inter alia*, reporting of technology needs, public technologies, innovative financing and technologies for adaptation. Commenting on the proposal, Malaysia, for the G-77/China, said a COP decision should provide guidance on the review of the EGTT; stressed that new approaches to technology transfer should be consistent with the objectives of the UNFCCC; recommended a high-level round table on technology cooperation and partnerships; and urged additional resources for the EGTT. Japan and the US emphasized the role of public-private partnerships, and many parties highlighted other technology-related initiatives. China stressed the need to overcome tax, intellectual property and other barriers.

Contact and informal groups, co-chaired by Holger Liptow (Germany) and Carlos Fuller (Belize), met from 30 November through 5 December. On the EGTT’s 2006 Work Programme, discussions focused, *inter alia*, on publicly-owned technologies

and those in the public domain (public technologies), a side event on public technologies, and holding a high-level round table and a special working session. On implementation of the framework, discussions included public and adaptation technologies, and the preparation of a technical paper by the Secretariat. The discussions resulted in agreement on conclusions and a draft decisions, which were adopted by SBSTA on 6 December. The COP adopted the decision on 9 December.

SBSTA Conclusions: In the conclusions on the EGTT's 2006 Work Programme (FCCC/SBSTA/2005/L.23), SBSTA, *inter alia*: endorses the proposed 2006 EGTT Work Programme; requests that the Secretariat organize a special working session of the EGTT; requests the EGTT to arrange a side event on transfer of public technologies; and further requests the EGTT to report to SBSTA 25.

In the conclusions on implementation of the framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention (FCCC/SBSTA/2005/L.24), SBSTA, *inter alia*: takes note of a pilot project on networking between TT:CLEAR and regional technology information centers; looks forward to the Secretariat's technical papers on innovative financing and adaptation technologies; and acknowledges that there are technology initiatives underway in other forums.

COP Decision: In the decision on implementation of the framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention (FCCC/SBSTA/2005/L.24/Add. 1), the COP invites parties to submit their view on the continuation of the EGTT. It also requests the Secretariat to organize a senior-level roundtable discussion on lessons learned, technology deployment, transfer, cooperation and partnerships, and requests SBSTA to take into account existing technology-based international initiatives and partnerships undertaken between parties when considering future work for enhancing the implementation of the framework.

CAPACITY BUILDING UNDER THE CONVENTION: This issue was initially addressed by SBI in plenary on 28 November, before being taken up in a contact group co-chaired by Joyceline Goco (Philippines) and Anders Turesson (Sweden), which met once and also held informal consultations. The COP took note of the SBI conclusions on 9 December.

Discussions initially focused on the need to establish a contact group and the extent to which the group should consider the GEF review on capacity building. The G-77/China called for a contact group to develop more guidance to the GEF, while the EU said the GEF review should be discussed under the agenda item on the report of the GEF.

SBI Conclusions: In these conclusions (FCCC/SBI/2005/L.36), SBI reiterates the importance of capacity building for developing countries. It requests the Secretariat to report to each COP on capacity-building activities under Decision 2/CP.7, disseminate information on best practices and lessons learned, and report on the GEF's progress on developing capacity-building indicators. It indicates that GEF's activities should be guided by Decisions 2/CP.7 and 2/CP.10 and welcomes the GEF's country programmes for LDCs and small island developing states (SIDS).

ARTICLE 4.8 AND 4.9 (ADVERSE EFFECTS): Implementation of the Buenos Aires Programme of Work on Adaptation and Response Measures: The scientific, technical and socioeconomic aspects of impacts of, and vulnerability and adaptation to, climate change, was first taken up in plenary on 28 November. It was then discussed in three contact groups on 29-30 November and 2 December, as well as in informal consultations that extended late into the night and early morning. On 2 December, SBSTA adopted conclusions and a bracketed draft COP decision, but consultations continued during the following days in an attempt to remove the brackets. These were finally removed late on 8 December, in time to forward a non-bracketed decision to the COP.

There was general agreement among parties on the importance of this five-year programme of work. However, discussions revealed that agreeing on specific activities of the programme would take more time, as parties had just started consideration of the issue after COP 10. The G-77/China called for an action-oriented programme of work. They also proposed to proceed under a two-track approach that would include priority actions that could be undertaken immediately, while allowing for other more time-consuming actions to be given consideration. The US emphasized stocktaking and assessments, sharing of experiences, and a sectoral approach. Tuvalu, the Cook Islands and others preferred a "learning-by-doing" approach, and called for the inclusion of reference to SIDS. Saudi Arabia emphasized adaptation to response measures, and Canada, the EU and many others stressed the need to engage experts and practitioners and encourage long-term cooperation. The G-77/China also called for bottom-up approaches and, opposed by the US, Canada, the EU and others, for the establishment of an expert group to address the issue.

Parties worked their way through the different sections of the programme of work, addressing the objective, expected outcome, scope of work, and modalities of the programme of work, as well as an indicative list of activities. On 6 December, they agreed to SBSTA conclusions and a draft COP decision. However, brackets remained in several places, including on reference to economic diversification, SIDS and LDCs. There were also brackets around reference to the Arctic among the particularly vulnerable areas. By 8 December, many of the outstanding issues had been resolved, with the exception of reference to LDCs and SIDS in the objective of the programme, and references to economic diversification of vulnerable economic sectors, as supported by Saudi Arabia and others. But these issues were also resolved and a final decision, including an annex containing the five-year programme of work, was adopted by the COP on 9 December.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2005/L.30), SBSTA takes note of an indicative draft list of activities for the programme of work (contained in an annex), and agrees to further elaborate the list at SBSTA 24. Furthermore, SBSTA requests the Secretariat to compile an initial list of organizations and institutions active in areas relevant to the programme of work, and invites parties and organizations to provide input to this list by 13 February 2006, and requests the Secretariat to organize an informal meeting of party representatives before SBSTA 24, in order to identify the activities starting in 2006.

COP Decision: In the decision (FCCC/CP/2005/L.3), the COP notes that adaptation to climate change and its adverse effects is of high priority for all countries, and that developing countries, especially LDCs and SIDS, are particularly vulnerable. It further notes the increasing body and evolving nature of scientific knowledge, including on the Arctic and other areas, and of practical experiences responding to adaptation needs. Moreover, the COP: reaffirms that the response to climate change should be coordinated with social and economic development in an integrated manner; recognizes and encourages, *inter alia*, the importance of local and indigenous knowledge; and notes that the programme of work on adaptation is of broad concern to all parties. The decision adopts a five-year programme of work, contained in an annex, requesting SBSTA to:

- start implementation of the programme of work by undertaking the initial activities specified in the SBSTA conclusions;
- consider and elaborate further additional activities and modalities of the programme of work, including the possible role of a group or group of experts;
- consider at its twenty-eighth session further activities and modalities, taking into consideration the results of the initial activities and the IPCC Fourth Assessment Report; and
- review the programme of work at COP 16.

The Five-Year Programme of Work on Adaptation includes the objective, expected outcome, scope of work, and modalities. The stated objective is to assist all parties, in particular developing countries, including the LDCs and SIDS, to improve their understanding and assessment of impacts, vulnerability and adaptation, and to make informed decisions on practical adaptation actions and measures. Expected outcomes of the programme of work include: enhancing capacity at all levels to identify and understand impacts, vulnerability and adaptation responses, and implementing practical, effective and high priority adaptation actions. The programme also aims to provide for enhanced cooperation, development and dissemination of knowledge from practical adaptation activities, as well as further integration of adaptation actions with sustainable development activities.

The scope of work comprises two thematic areas: impacts and vulnerability, and adaptation planning, measures and actions. Each of these thematic areas includes several action-oriented sub-themes, such as promoting development and dissemination of assessment methodologies and tools, collecting and disseminating information on current and historical climate change and its impacts, and on practical adaptation actions. The scope also includes the promotion of measures, methodologies and tools including for economic diversification aimed at increasing economic resilience and reducing reliance on vulnerable economic sectors, especially for relevant categories of countries listed in UNFCCC Article 4.8. Methodologies, data and modeling, and integration into sustainable development are cross-cutting issues to be incorporated in the specific activities. Among the modalities identified are workshops and meetings, drawing on inputs from experts, practitioners and relevant organizations, compendia and web-based resources, submissions, reports and technical papers, as well as other modalities, such as groups of experts.

Least Developed Countries: On 29 November, Paul Desanker (Malawi) briefed SBI on the work of the LDC Expert Group and progress with the National Adaptation Programmes of Action (NAPAs). A contact group, co-chaired by Dechen Tsering (Bhutan) and Aloisia Wörgetter (Austria), was established. The group discussed a new mandate and terms of reference for the LDC Expert Group (LEG), focusing on clarifying how the LEG will assist LDCs in implementing NAPAs, and the length of the LEG's new mandate, as well as on a paragraph requesting the LEG to develop a work programme for consideration by SBI. On 6 December, SBI recommended a draft COP decision extending the mandate for the LDC Expert Group, and COP 11 adopted the decision on 9 December.

COP Decision: In this decision (FCCC/SBI/2005/L.17), the COP decides to extend the mandate for the LDC Expert Group until 2007, with the task of developing a work programme that includes implementation of NAPAs for consideration at SBI 24.

EMISSIONS FROM DEFORESTATION IN DEVELOPING COUNTRIES

This agenda item was first presented in the COP plenary on 30 November. It was subsequently taken up twice in a contact group chaired by Hernán Carlino (Argentina) on 1 December and 5 December, and in an informal group on 6 December. The issue was taken up in response to a request by Papua New Guinea and Costa Rica, supported by other countries, to include an agenda item on "Reducing emissions from deforestation in developing countries: approaches to stimulate action." The proposal received wide support, as parties stressed the importance and the complexity of this issue and agreed to initiate a process to address it. Differences in opinion arose over whether the consideration should be referred to SBSTA to first address scientific and technical aspects, as proposed by the EU and others, or whether it should be referred to both SBSTA and SBI to address both technical and policy aspects, as preferred by the G-77/China, the Alliance of Small Island States (AOSIS) and others. The US opposed the consideration of this issue under SBI. Brazil, the EU and others stressed that this was an issue to be considered under the UNFCCC. All agreed that calling for submissions, including from accredited observers as proposed by the EU, should be the first step forward. The differences were resolved by forwarding the issue to SBSTA, but inviting parties to include information on policy approaches and positive incentives, and to submit recommendations on any further process to consider the issue. The decision also includes reference to positive incentives, as proposed by Brazil, Papua New Guinea and others.

COP Decision: In the decision (FCCC/CP/2005/L.2), the COP invites parties and accredited observers to submit, by 31 March 2006, their views on issues relating to reducing emissions from deforestation in developing countries, focusing on relevant scientific, technical and methodological issues, and the exchange of relevant information and experiences, including policy approaches and positive incentives and recommendations on any further process to consider these issues. The COP further requests SBSTA to organize a workshop before SBSTA 25.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS

COP 11 took up various administrative, financial and institutional matters, including budget issues, the institutional linkage of the Secretariat to the UN, and the procedure for appointing an Executive Secretary for the UNFCCC.

BUDGET ISSUES: These items were first taken up in SBI plenary on 30 November. On income and budget performance in the biennium 2004-05 (FCCC/SBI/2005/13 and FCCC/SBI/2005/INF.10), parties decided that the Secretariat, in consultation with interested parties, would draft conclusions. On the programme budget for the biennium 2006-07, the SBI decided to take note of revisions to the Secretariat's work programme (FCCC/SBI/2005/INF.6). On 6 December, the SBI adopted conclusions and a draft decision. The COP adopted this decision on 9 December.

COP Decision: In the decision (FCCC/SBI/2005/L.21 Add.1), the COP takes note of the interim financial statements, and the income and budget performance in the biennium 2004-2005; urges all parties that have not yet paid their contributions to do so without delay; and calls for more and continued contributions to the trust funds in order to ensure wider participation in the process and delivery of important outputs and results.

INSTITUTIONAL LINKAGE OF THE SECRETARIAT TO THE UN: SBI first addressed this issue on 29 November (FCCC/SBI/2005/15). A contact group, chaired by Masao Nakayama (Micronesia), discussed this item on 1 and 3 December, developing a draft COP decision, which was adopted by the COP on 9 December.

COP Decision: In the decision (FCCC/SBI/2005/L.19), the COP approves the continuation of the current linkage and related administrative arrangements between the Secretariat and the UN; and invites the Secretary-General to seek endorsement by the General Assembly.

PROCEDURE FOR APPOINTING AN EXECUTIVE SECRETARY: This issue was first taken up by the COP on 30 November, when President Dion outlined the procedure for selecting a new UNFCCC Executive Secretary, as set out in recent correspondence with the UN Secretary-General's office. He noted that the procedure is the same as for all senior UN appointments, and that the COP Bureau looks forward to being consulted by the Secretary-General on the appointment. The COP took note of these arrangements.

METHODOLOGICAL ISSUES UNDER THE UNFCCC

The COP took up various methodological issues, including harvested wood products, the Common Reporting Format for LULUCF, and emissions from fuel used for international aviation and maritime transport.

HARVESTED WOOD PRODUCTS: This issue was taken up in SBSTA plenary on 28 November, and subsequently in informal consultations co-chaired by Nagmeldin Goutbi Elhassan (Sudan) and Peter Brisbane (Australia). Its consideration of the matter followed a request from SBSTA 21 for Annex I Parties to submit information on changes in carbon stocks and greenhouse gas emissions from harvested wood products, and on experiences with the use of the revised IPCC Guidelines and the Good Practice Guidelines for LULUCF. These submissions were compiled by the Secretariat, together with other information related to harvested wood products. However, since this is a

complex issue that applies only to the second commitment period, and given the tight agenda at this meeting, parties soon agreed to take up this issue again at SBSTA 24.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2005/L.16), SBSTA takes note of the submissions; notes with appreciation the IPCC report on progress made with respect to estimating and reporting harvested wood products in the context of the preparation of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories; and decides to continue consideration of this issue at SBSTA 24.

LULUCF COMMON REPORTING FORMAT (CRF): This issue was first addressed in SBSTA on 28 November, and in two contact groups co-chaired by Audun Rosland (Norway) and Newton Paciornik (Brazil). An informal drafting group, facilitated by María José Sanz (Spain) was set up to address technical issues in the CRF tables. By 3 December, parties had agreed to the revisions on the CRF tables and to include in the decision a request for SBSTA to further consider inventory issues associated with biomass burning and natural disturbances as they relate to reporting under the Convention, as proposed by Tuvalu, and with reporting of carbon stock changes, as suggested by the US.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2005/L.19), SBSTA agrees to consider at its twenty-fourth session, *inter alia*: how emissions and removals now covered in the LULUCF and agriculture sectors will be presented in the national totals; inventory issues associated with biomass burning and natural disturbances as they relate to reporting under the Convention; and the implications on reporting of the conversion to CO₂ in the atmosphere of methane, carbon monoxide and non-methane volatile organic compounds emitted in association with carbon stock changes.

COP Decision: In this decision (FCCC/SBSTA/2005/L.19/Add.1), the COP adopts the CRF tables contained in its annex, decides that each Annex I Party shall use these tables in their submissions of the annual inventory due in and after 2007, and requests the Secretariat to incorporate them into the Guidelines for the preparation of Annex I national communications in time for SBSTA 25.

EMISSIONS FROM FUEL USED FOR INTERNATIONAL AVIATION AND MARITIME TRANSPORT: On 28 November, Jane Hupe, International Civil Aviation Organization (ICAO), briefed SBSTA on ICAO's work on aviation emissions since SBSTA 22. SBSTA Chair Benrageb noted that consideration of this agenda item had not been completed at SBSTA 22, and asked José Romero (Switzerland) to hold informal consultations. These took place throughout the week and focused on whether to hold a workshop on this issue. However, on 6 December, Romero reported the lack of consensus to SBSTA and noted that bracketed text remained (FCCC/SBSTA/2005/CRP.1). The EU, South Africa, Japan, Australia, Chile, AOSIS and others supported holding a workshop, while Saudi Arabia, Kuwait and Libya opposed this. Lacking consensus, SBSTA instead adopted brief conclusions forwarding the matter to SBSTA 24.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2005/L.28), SBSTA agrees to forward the issue to SBSTA 24 for its consideration.

REPORTS OF THE SUBSIDIARY BODIES

On 9 December, the COP adopted the reports of the twenty-third sessions of the Subsidiary Body for Scientific and Technological Advice (FCCC/SBSTA/2005/4 & Add.1 & Amend.1; FCCC/SBSTA/2005/L.15) and the Subsidiary Body for Implementation (FCCC/SBI/2005/L.16). The reports include numerous items that were subsequently taken up by the COP and/or COP/MOP. There were also several items on which conclusions were adopted by the subsidiary bodies, with no follow up required by the COP or COP/MOP. This section provides details on UNFCCC issues taken up in the reports of the subsidiary bodies and addressed only by the SBI or SBSTA but that were not directly dealt with in the COP.

SUBSIDIARY BODY FOR IMPLEMENTATION: Issues addressed by SBI 23 related to the UNFCCC included education, training and public awareness, and a review of the Secretariat.

Education, Training and Public Awareness: Parties were briefed on UNFCCC Article 6 (education, training and public awareness) during an SBI plenary meeting on 29 November, which focused on: the new UNFCCC Climate Change Information Network (CC:iNet), an internet information clearing house; regional workshops (FCCC/SBI/2005/21 and FCCC/SBI/2005/14); and UNEP's work on Article 6. A contact group chaired by Crispin d'Auvergne (Saint Lucia) developed draft conclusions on the issue. The group met several times to finalize text, with no serious disagreements emerging. The final conclusions were adopted by SBI on 6 December.

SBI Conclusions: In the conclusions on UNFCCC Article 6 (FCCC/SBI/2005/L.18), SBI, *inter alia*, notes that the financial resources available are not sufficient to meet the needs and concerns identified by parties, and urges Annex I and Annex II parties, the GEF and other bilateral and multilateral agencies to continue to support financially the implementation of Article 6 activities. SBI also welcomes the launch of the prototype information network clearing house (CC:iNet); notes that five countries have established Article 6 focal points, and encourages others to do so. It requests parties to submit views on the clearing house, and asks the Secretariat to organize a workshop on Article 6 and the particular needs of SIDS before SBI 25.

Internal Review of the Activities of the Secretariat: This issue was first discussed by SBI on 29 November, at which time parties tasked the Secretariat with preparing conclusions, in consultation with interested parties. On 6 December, the SBI adopted these conclusions.

SBI Conclusions: In the conclusions (FCCC/SBI/2005/10 Add. 1), SBI takes note of information relating to the functions and operations of the Secretariat as contained in several documents, particularly in document FCCC/SBI/2005/13, and agrees to consider this item again at SBI 25.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE: Issues addressed by SBSTA 23 that relate to the UNFCCC included mitigation of climate change, research and systematic observation, and cooperation with relevant international organizations.

Mitigation: The scientific, technical and socioeconomic aspects of mitigation of climate change were first addressed by SBSTA on 28 November, when parties considered reports on the matter (FCCC/SBSTA/2005/INF.5, Misc.12 and Adds. 1-2).

Many parties stressed the usefulness of the intersessional workshops, while China and South Africa expressed concern about the recent increase in greenhouse gas emissions by developed countries. Australia, Canada, Switzerland and others highlighted a sectoral approach to mitigation and a focus on "key areas," including transport, renewable energy, energy efficiency, and carbon capture and storage. Australia underlined mitigation co-benefits. The EU underscored the need to study implications of different carbon dioxide stabilization levels and emissions pathways.

Contact and informal groups, co-chaired by Kok Seng Yap (Malaysia) and Toshiyuki Sakamoto (Japan), met from 29 November to 6 December. Discussions focused on whether to hold in-session or intersessional workshops, historic and per capita emissions, lessons learned, and a request to the Secretariat for a technical paper. After lengthy discussions on lessons learned, no agreement was reached and five sub-paragraphs describing lessons learned were removed from the text, as well as reference to historic and per capita emissions, and requests for the technical paper.

SBSTA adopted conclusions on Tuesday night, 6 December, and the EU expressed disappointment that it had not been possible to agree to a more ambitious programme.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2005/L.29) SBSTA, *inter alia*:

- agrees to focus on exchanging information and sharing experiences;
- requests the Secretariat to organize pre- and in-session workshops on agriculture, forestry and rural development, urban planning and development, energy efficiency, power generation, and non-CO₂ emissions; and
- states that each workshop should address currently available and emerging technologies, international cooperative efforts on technology, socioeconomic aspects of mitigation, and cross cutting aspects.

Research and Systematic Observation: This item was first addressed by SBSTA on 29 November, when delegates heard reports on the:

- Global Climate Observing System (GCOS) (FCCC/SBSTA/2005/Misc.14);
- Global Terrestrial Observing System (GTOS) (FCCC/SBSTA/2005/Misc.16);
- Committee on Earth Observation Satellites (CEOS) (FCCC/SBSTA/2005/Misc.17/Rev.1);
- views of parties on an ocean climate observing system (FCCC/SBSTA/2005/Misc.15 & Add.1); and
- collaboration between CEOS, GCOS and the Global Earth Observation System of Systems (GEOSS).

Many delegates welcomed these reports and stressed collaboration between GCOS and GEOSS. Uganda highlighted the need to address data gaps, particularly in Africa, and China and Panama emphasized regional capacity. Contact and informal groups, co-chaired by Stefan Rösner (Germany) and Philip Gwage (Uganda), met from 1-3 December. Discussions focused on issues such as the UN Food and Agriculture Organization's (FAO) standards for terrestrial observations, reporting guidelines for national communications, oceanic observations, the need for data exchange and international data exchange centers, a

regional workshop programme, capacity building, particularly in Africa, and cooperation between GCOS and the Group on Earth Observations (GEO). SBSTA adopted conclusions on 6 December.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2005/L.17), SBSTA, *inter alia*:

- urges parties to further implement the GTOS implementation plan, particularly capacity building;
- urges parties to designate GCOS national coordinators and focal points;
- calls on the GTOS Secretariat to assess the status of development of standards for terrestrial observations;
- agrees to revise reporting guidelines on global observing systems;
- notes the importance of oceanic observations;
- reiterates the importance of data exchange; and
- invites support of international data centers.

Cooperation with Relevant International Organizations:

SBSTA considered the issue of cooperation with relevant international organizations along with related items on the special report of the IPCC on carbon dioxide capture and storage, the Mauritius International meeting to review the implementation of the Programme of Action for the Sustainable Development of SIDS, and cooperation with other conventions, scientific organizations and United Nations bodies.

These issues were first taken up in the SBSTA plenary on 28 November. Regarding the agenda item on SIDS, the US opposed inclusion of the item on the SBSTA agenda as it had already been considered at SB 22. However, many other parties, including AOSIS, the G-77/China and EU supported its inclusion. After informal consultations, it was decided that the item will be held in abeyance, and will be included in the next session's provisional agenda. The US also expressed procedural concerns on having a separate agenda item for the IPCC's special report. After informal consultations, the issue was included under the agenda item on cooperation with relevant international organizations.

Regarding cooperation with relevant organizations, SBSTA Coordinator Halldor Thorgeirsson reported to SBSTA on 29 November, regarding the Joint Liaison Group and its consideration of a paper on enhanced cooperation among the Rio Conventions (Climate Change, Biodiversity and Desertification). He also outlined relevant activities of the Commission on Sustainable Development, including its focus on energy, atmosphere and climate change in 2006-2007. Delegates were then briefed on cooperation and linkages by representatives of relevant international organizations, including the Ramsar Convention on Wetlands, IPCC, FAO, UN International Strategy for Disaster Reduction and the UN Forum on Forests. SBSTA Chair Abdullatif Benracheb (Libya) said he would prepare conclusions on the issue.

The IPCC Special Report on Carbon Dioxide Capture and Storage was taken up in SBSTA on 29 November, when Bert Metz, Co-Chair of IPCC Working Group III (mitigation), outlined the IPCC's Special Report, including additional energy requirements, costs, risks, leakage, and legal and regulatory issues. Many delegates stressed the relevance of carbon dioxide capture and storage as a mitigation tool. Contact and informal

groups, co-chaired by William Agyemang-Bonsu (Ghana) and Thomas Verheye (European Commission), met from 1-3 December to consider these issues.

The EU, supported by Saudi Arabia and others, proposed holding an intersessional workshop to enable further discussion on carbon dioxide capture and storage. The US said such a workshop should focus on experiences. Norway, the EU and the G-77/China noted that consideration of ocean storage is premature. AOSIS expressed concern regarding the risks involved in carbon dioxide capture and storage, and Libya said more research was needed. Australia, with the G-77/China, stressed the need for demonstration projects in both developed and developing countries. Iran asked for inclusion of such projects in the CDM, while China said "the door should be left open" for this.

Discussions focused on issues such as the workshop format and objectives, reference to technology maturity, and carbon capture and storage relation to the CDM and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

On 6 December, all outstanding issues were resolved and SBSTA adopted conclusions that included text from SBSTA Chair Benracheb on cooperation with other conventions and from the contact group on the IPCC Special Report on Carbon Dioxide Capture and Storage.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2005/L.26), SBSTA, *inter alia*: recognizes the valuable input from other organizations; notes that carbon dioxide capture and storage systems are in various stages of development; requests the Secretariat to organize an in-session workshop at SB 24 on carbon dioxide capture and storage; and encourages parties and the private sector to support related research, development, deployment and diffusion of such technologies.

OTHER MATTERS

FUTURE ACTION UNDER THE UNFCCC: The issue of future action and commitments beyond 2012 was first addressed by the COP/MOP on Wednesday, 30 November, under its agenda item on the consideration of Protocol Article 3.9 (Annex I Parties' future commitments). However, the issue also became relevant to the COP because President Dion initiated a parallel but related process on future action under the UNFCCC, in addition to the COP/MOP discussions relating to the Protocol. Negotiations on approaches under the UNFCCC and Protocol were interlinked, and decisions on these issues were finally agreed after lengthy negotiations early on Saturday, 10 December. A summary of these discussions and decisions is presented together under the COP/MOP section on "Article 3.9 and Future Action" (see page 13).

KYOTO PROTOCOL COP/MOP 1 REPORT

COP/MOP 1 President Stéphane Dion opened COP/MOP 1 on Monday, 28 November. Several parties made opening presentations regarding items on the COP/MOP's agenda. The UK, on behalf of the EU, said she looked forward to the adoption of the Marrakesh Accords, supported adoption of a decision on the compliance regime, and identified the need for more work on the CDM and guidance on the Adaptation Fund. She also stressed that the EU is ready to start discussions under Article 3.9 (future commitments). Tuvalu, on behalf of

AOSIS, called for future commitments under Article 3.9, and said efforts to streamline the CDM should not compromise its environmental integrity. Jamaica, on behalf of the G-77/China, expressed concern at the GEF Resource Allocation Framework. Bangladesh, for the LDCs, highlighted the need to operationalize the LDC, Adaptation, and Special Climate Change Funds.

ORGANIZATIONAL MATTERS

The COP/MOP considered its provisional agenda for the meeting on 28 November. While the agenda was generally agreeable, the EU objected to the inclusion of the item on Protocol Article 2.3 (response measures) in the agenda on the grounds that it was being addressed elsewhere. Saudi Arabia objected to its removal. The agenda was adopted as presented, with this item held in abeyance (FCCC/KP/CMP/2005/1/Add.1).

ARTICLE 2.3 (RESPONSE MEASURES): Article 2.3 was discussed again in SBSTA on 29 November, as it was also on the SBSTA agenda. Saudi Arabia, supported by some parties, opposed by the EU and several parties, requested a SBSTA contact group on the issue. SBSTA Chair Benrageb convened informal consultations. On 7 December, Saudi Arabia once again requested a contact group on the issue. Noting no agreement, Chair Benrageb presented draft conclusions (FCCC/SBSTA/2005/L.22) agreeing to continue consideration of the issue in the next session.

ADOPTION OF DECISIONS FORWARDED BY THE COP (MARRAKESH ACCORDS)

On 30 November, COP/MOP President Dion introduced a package of decisions forwarded by the COP to the COP/MOP under the terms of the Marrakesh Accords agreed at COP 7 in 2001. The aim of the Accords was to establish many of the operational details of the Kyoto Protocol. The COP/MOP adopted the package without further amendment. The package included decisions on land use, land-use change and forestry (LULUCF) and matters relating to Article 3.14 (adverse effects), Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information), the flexible mechanisms, and accounting of assigned amounts under Article 7.4 (FCCC/KP/CMP/2005/3 and Add.1-4). These decisions had been agreed at COP 7, with some further amendments since. However, they required formal adoption by the COP/MOP to enter into effect.

Describing the adoption of these as a “landmark achievement” resulting from seven years’ hard work, President Dion thanked delegates for approving a “clear rule book” for the Protocol. Canada said these decisions will “breathe life” into the Protocol and provide the basis for implementation. He suggested that the next step should be improvement, particularly in the operation of the CDM and through technology transfer. This section contains a brief description of the decisions by issue area.

LULUCF AND ADVERSE EFFECTS

COP/MOP Decision on LULUCF – Principles, Rules, and Guidelines: This decision (FCCC/KP/CMP/2005/3/Add.1) includes principles that govern the treatment of LULUCF activities, an annex establishing rules and guidelines for the first commitment period, and an appendix. Principles include the exclusion of carbon stocks from accounting, clarifying that accounting for LULUCF activities does not imply a transfer

of commitments to a future commitment period, and that the reversal of any removal due to LULUCF activities must be accounted for at the appropriate time. The guidelines in the annex include, for example, that Annex I Parties may account in the first commitment period afforestation, reforestation and deforestation activities from 1990 to 2012, up to a maximum amount determined in the appendix, times five; and credits arising from CDM projects on afforestation and reforestation amounting to up to “one per cent of base year emissions times five.”

COP/MOP Decision on Good Practice on LULUCF:

This decision (FCCC/KP/CMP/2005/3/Add.1) adopts the IPCC guidelines for providing information on anthropogenic greenhouse gas emissions by sources and removal by sinks from LULUCF activities.

COP/MOP Decision on Matters Relating to Article 3.14 (Minimizing Adverse Effects of Mitigation on Developing Countries): The decision (FCCC/KP/CMP/2005/3/Add.1) requests Annex I Parties to provide information as part of their annual inventory report on the minimization of adverse social, environmental and economic impacts on developing country parties, and requests the Secretariat to organize before COP/MOP 2 a workshop on reporting methodologies on ways to minimize adverse effects of mitigation activities on developing countries.

GUIDELINES ON NATIONAL SYSTEMS AND INVENTORIES

COP/MOP Decision on Guidelines on National Systems:

In its decision (FCCC/KP/CMP/2005/3/Add.2), the COP/MOP adopts guidelines included in its annex on national systems for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol. The annex includes definitions, objectives, characteristics and general functions of national systems. Functions include the preparation of national annual inventories in a timely manner and providing information necessary to meet reporting requirements under COP or COP/MOP decisions.

COP/MOP Decision on Guidelines on the Preparation of Information under Article 7 (Information on Compliance with Commitments):

In its decision (FCCC/KP/CMP/2005/3/Add.2), the COP/MOP adopts guidelines included in its annex on the provision of information by Kyoto Protocol parties on compliance with their emission reduction targets and other commitments under the Protocol. Guidelines include, *inter alia*, reporting the acquisition of Assigned Amount Units (AAUs), Certified Emissions Reductions (CERs), Emissions Reduction Units (ERUs), and Removal Units (RMUs) from national registries in a standard electronic format.

COP/MOP Decision on Standard Electronic Format for Reporting Kyoto Protocol Units:

In this decision (FCCC/KP/CMP/2005/3/Add.2), the COP/MOP adopts the standard electronic format and an annex with general reporting instructions and model reporting tables.

COP/MOP Decisions on Guidelines under Article 8 (Review of Information by Expert Teams): Four decisions were adopted on this issue, all contained in document FCCC/KP/CMP/2005/3/Add.2:

- **Conduction of Reviews:** In this decision, the COP/MOP establishes the dates to commence periodic and annual

reviews for Annex I Parties and includes an annex with guidelines for the conduction of reviews on national inventories, information on compliance with commitments, national systems, national registries, and information on minimizing adverse impacts on developing countries.

- **Terms of Service for Lead Reviewers:** In this decision, the COP/MOP establishes that reviewers will be based in their home countries.
- **Training Programme:** In this decision, the COP/MOP requests the Secretariat to develop a training programme for members of expert review teams including an annex on premises and courses for the training programme and an annex on criteria for the selection of lead reviewers.
- **Confidential Information:** This decision determines the possibility for expert review teams to recommend, on an exceptional basis, the retroactive application of an adjustment based on the access to relevant confidential information.

FLEXIBLE MECHANISM AND MODALITIES FOR ACCOUNTING OF ASSIGNED AMOUNTS UNDER ARTICLE 7.4

COP/MOP Decision on Principles, Nature and Scope of the Mechanisms:

This decision (FCCC/KP/CMP/2005/3/Add.3) emphasizes environmental integrity and provides that mechanisms can only be used to supplement domestic action. It indicates that eligibility of Annex I Parties to use mechanisms depends on compliance with methodological and reporting obligations.

COP/MOP Decision on Guidelines for Article 6 (Joint Implementation):

This decision (FCCC/KP/CMP/2005/3/Add.3) defines the JI Supervisory Committee (JISC) and criteria for participating in JI. Host countries fulfilling all criteria may verify emissions reductions by themselves (first track); others must use procedures involving “accredited independent entities” and the JISC (second track).

COP/MOP Decision on Modalities, Rules and Guidelines for Emissions Trading:

This decision (FCCC/KP/CMP/2005/3/Add.3) determines the eligibility criteria for trading AAUs. They require Annex I Parties to maintain a “commitment period reserve” that cannot be below 90% of their respective assigned amounts, or “100% of five times their most recently reviewed inventories.”

COP/MOP Decision on Modalities for Accounting Assigned Amounts under Article 7.4.:

This decision (FCCC/KP/CMP/2005/3/Add.3) includes requirements for calculating and recording assigned amounts. The modalities contain provisions on compliance assessment, including making additions and subtractions, and carrying over registry units to subsequent commitment periods. At the end of the commitment period, each Annex B party must retire AAUs, ERUs, CERs, and/or RMUs equivalent at least to its greenhouse gas emissions and sources during that period. It may carry-over any AAUs not retired, as well as ERUs and CERs not retired, to a maximum of 2.5% for each, of the party’s assigned amount. RMUs cannot be carried over. The modalities also outline requirements for national registries and procedures for issuing and transferring AAUs, ERUs, and RMUs. The modalities also contain provisions on the international transaction log, publicly accessible information,

and compilation and accounting of emissions inventories and assigned amounts at the end of the additional period for fulfilling commitments, including a database maintained by the Secretariat.

COP/MOP Decision on modalities and procedures for CDM:

This decision (FCCC/KP/CMP/2005/3/Add.4) describes the roles of COP/MOP and the CDM Executive Board in administering the CDM. It defines differentiated participation requirements for Annex I and non-Annex I Parties. The text contains provisions on accrediting designated operational entities (DOEs), and monitoring, validation, verification and certification of emissions reductions generated by CDM projects as well as issuance of CERs.

REPORT OF THE CDM EXECUTIVE BOARD

Sushma Gera, Chair of the CDM Executive Board, presented the Board’s 2004-2005 Report (FCCC/KP/CMP/2005/4 & Add.1) at the COP/MOP plenary on 30 November. A contact group, co-chaired by David Brackett (Canada) and André do Lago (Brazil), was established to give further guidance on the CDM. The contact group held three meetings and several informal consultations.

A COP/MOP decision was adopted on 9 December. Several Annex I countries and the European Community pledged a total of US\$8,188,050 for funding the CDM, with the largest donations coming from Canada (US\$1.5 million), Germany (US\$1 million), Japan (US\$1 million), Italy (US\$1 million), the UK (US\$740,000) and Spain (US\$500,000).

The discussions covered various issues including governance, methodologies, additionality, regional distribution, capacity building and resources for work on the CDM. Several parties, including the EU, highlighted the need to expedite the Board’s work in order to cope with the large number of projects expected in the coming years. Thailand called for transparency in the Board’s decision-making, including written reasoning. China and others noted the need to streamline procedures.

Several developing countries, including Chile and Peru, raised concerns over the Board’s proposal to levy US\$0.20 per CER to cover its administrative expenses and called for differentiation. Russia proposed increasing the levy to US\$0.50 to accommodate the financial concerns that the G-77/China raised in the JI contact group. Brazil responded by mentioning a levy on proceeds from JI projects and emissions trading to the Adaptation Fund. Mexico, India, Panama and others noted the need to consider additionality, while Brazil highlighted that environmental integrity must be ensured when improving the CDM.

The G-77/China called for a signal on the CDM’s continuity beyond 2012, but Japan and EU argued that this issue must be resolved in the Article 3.9 contact group. The Africa Group lamented the uneven geographical distribution of projects and called for capacity building in Africa.

The COP/MOP also elected five new members and five alternates to the CDM Executive Board, including one from Eastern Europe, one from Annex I, one from AOSIS, and two from non-Annex I (FCCC/KP/CMP/2005/L.1 & Add.1).

COP/MOP Decision: In this decision (FCCC/KP/CMP/2005/L.7), the COP/MOP recognizes the need to ensure the CDM’s continuity beyond 2012. It extends the deadline for retroactive crediting for “prompt start” CDM projects.

The decision addresses CDM administration, requesting the Board to identify measures aimed at strengthening the CDM and its responsiveness to the needs of Parties and stakeholders. It indicates that the Board must give adequate explanations for its decisions.

On the share of proceeds to cover the Board's administrative expenses, the decision adopts a progressive approach, with the first 15,000 CERs per project being subject to a lower levy of US\$0.10 and the subsequent to US\$0.20.

The COP/MOP requests the Board to call for public input on new ways of demonstrating additionality and improving the "additionality tool." It highlights the need for further progress regarding baseline and monitoring methodologies, decides that projects under "a programme of activities" can be registered as a single project, and states that large-scale projects can be bundled. The Board is also requested to develop a simplified methodology for small-scale projects switching from non-renewable to renewable biomass.

Parties are invited to make submissions on carbon dioxide capture and storage under the CDM. The Secretariat is requested to organize a workshop in conjunction with SBSTA 24, and the Board is requested to consider proposals for carbon dioxide capture and storage project methodologies. COP/MOP 2 will give further guidance on carbon dioxide capture and storage.

On capacity building and regional distribution, the COP/MOP invites party submissions by 31 May 2006 on "systemic or systematic" barriers to equitable distribution of CDM projects. It requests parties to provide capacity building and the Board to meet with designated national authorities on a regular basis.

JOINT IMPLEMENTATION

The agenda item on implementation of Article 6 of the Kyoto Protocol (joint implementation) was addressed by the COP/MOP plenary on 30 November, in two contact group meetings and several informal consultations chaired by Daniela Stoycheva (Bulgaria). The COP/MOP decision was adopted on 9 December.

Discussions revealed the desire of Annex I countries to quickly operationalize second-track JI, taking advantage of CDM experiences, while the G-77/China emphasized differences between JI and CDM. Highlighting the spirit of the Marrakesh Accords, the EU, Russia and others proposed that JI projects should be able to use CDM's designated operational entities, project design document and methodologies. The G-77/China insisted that these are not applicable given the differences between the two mechanisms and that the JISC should develop its own accreditation procedures for independent entities and adopt distinct baseline and monitoring methodologies.

The COP/MOP elected 10 members and 10 alternates for the Joint Implementation Supervisory Committee, including three from countries with economies in transition (EITs), three from other Annex I Parties, three from non-Annex I Parties and one from SIDS (FCCC/KP/CMP/2005/L.1 and Add.1).

COP/MOP Decision: In this decision (FCCC/KP/CMP/2005/L.6), the COP/MOP establishes the JI Supervisory Committee and outlines its work programme. It requests JI Supervisory Committee to develop, as a priority, standards and procedures for accrediting independent entities, accredit such entities, and develop a management plan and guidelines for small-scale JI projects.

The COP/MOP decides that the CDM's designated operational entities may be provisionally and conditionally used in determining JI projects, and that the CDM Executive Board's small-scale methodologies and the CDM project design document may be applied to JI projects, as appropriate.

INTERNATIONAL TRANSACTION LOG

The international transaction log, a system that performs automated checks to verify transactions of different carbon credits under the Kyoto Protocol, was first addressed by SBSTA on 29 November. Delegates were briefed on this issue (FCCC/KP/CMP/2005/5) and Murray Ward (New Zealand) was asked to chair a contact group. The contact group met three times and informal consultations were also convened. While no serious disagreements arose, there were questions about the timeline for implementing the international transaction log. China and some others wanted to ensure that the international transaction log, which is supposed to allow national registry systems to connect to it by April 2007, functions properly and meets the specifications set for it. Text was added to this effect. On 6 December, SBSTA agreed to a draft decision, which was subsequently adopted by the COP/MOP 1 on 9 December.

COP/MOP Decision: In this decision (FCCC/SBSTA/2005/L.20/Add.1) on guidance relating to registry systems, the COP/MOP notes that the international transaction log is essential to the implementation of the Kyoto Protocol's flexible mechanisms. It also notes that registry systems may begin initialization testing with the log on 31 October 2006. The COP/MOP also adopts design requirements for the technical standards for data exchange between registry systems under the Kyoto Protocol. It requests the administrator to implement the log in 2006, and requests a first meeting of experts from non-Annex I Parties in March 2006. Further, it requests the administrator to facilitate an interactive exercise that includes experts from non-Annex I Parties to demonstrate the functioning of the international transaction log with regard to other registry systems.

COMPLIANCE

ADOPTION OF A COMPLIANCE MECHANISM AND SAUDI ARABIA'S PROPOSAL TO AMEND THE PROTOCOL: These issues were first addressed by the COP/MOP on 30 November and subsequently in a contact group co-chaired by Harald Dovland (Norway) and Mamadou Honadia (Burkina Faso). The contact group held three meetings and numerous informal consultations. A draft COP/MOP decision was adopted on 9 December.

Discussions focused on the legal form of adopting the compliance mechanism annexed to Decision 24/CP.7 adopted in Marrakesh as, according to Protocol Article 18, a compliance system entailing legally binding consequences must be adopted as an amendment to the Protocol.

Highlighting the need for a legally binding system, Saudi Arabia had proposed an amendment to the Protocol (FCCC/KP/CMP/2005/2). Japan and New Zealand opposed an amendment, emphasizing their preference for a facilitative approach to compliance. Noting that an amendment requires ratification, Canada cautioned that the outcome was unpredictable, possibly creating two categories of parties. The EU emphasized the need to operationalize the compliance system and proposed its

adoption by a COP/MOP 1 decision, after which an amendment could be considered. AOSIS, the Africa Group, China and others also supported the adoption of the compliance mechanism by a COP/MOP 1 decision combined with the consideration of an amendment process.

COP/MOP Decision: In the final decision (FCCC/KP/CMP/2005/L.5), the COP/MOP “approves and adopts” the compliance mechanism without prejudice to the outcome of the amendment process. It requests SBI 24 to commence consideration of an amendment to the Protocol and report to COP/MOP 3, which will make a decision on the issue. The procedures and mechanisms relating to compliance adopted and annexed to the COP/MOP decision are the same as in the annex to Decision 24/CP.7.

The annex establishes a 20-member compliance committee with a plenary, bureau, and facilitative and enforcement branches. The plenary’s main functions are administrative and budgetary. The decision outlines the compliance committee’s procedures, including an appeal to the COP/MOP for due process reasons. It defines an “additional period for fulfilling commitments” after the end of the first commitment period.

The facilitative branch is responsible for promoting compliance, providing implementation advice and facilitation taking into account the principle of common but differentiated responsibilities. Consequences applied by the facilitative branch include advice and facilitation of financial and technical assistance.

The enforcement branch receives questions of implementation from expert review teams, and from parties regarding themselves or other parties. It determines whether a party is complying with its quantitative emissions reduction commitments, methodological and reporting requirements, and the eligibility criteria for the flexible mechanisms.

The enforcement branch may make a declaration of non-compliance and request a party to develop a plan analyzing the causes and indicating measures and timetable for remedying non-compliance. It may also suspend mechanism eligibility if a party does not fulfill the eligibility criteria or has exceeded its assigned amount. If a party’s emissions exceed its assigned amount, its assigned amount for the second commitment period will be deducted by 1.3 times the amount of excess tonnes.

ELECTION OF THE COMPLIANCE COMMITTEE: This issue was addressed by COP/MOP plenary on 30 November, when parties were requested to make nominations for the compliance committee, and on 9 December, when the members were elected.

COP/MOP Decision: The COP/MOP elected 10 members and 10 alternates for each of the compliance committee’s two branches. These include one from each of the five UN regional groups, one from SIDS, two from other Annex I Parties and two from other non-Annex I Parties (FCCC/KP/CMP/2005/L.1 and Add.1).

CAPACITY BUILDING UNDER THE PROTOCOL

This issue was introduced during an SBI plenary by Janos Pasztor, UNFCCC Secretariat, on 29 November (FCCC/SBI/2005/Misc.3 & Add.1). A contact group, co-chaired by Joyceline Goco (Philippines) and Anders Turesson (Sweden),

met three times and held informal consultations. On 6 December, the SBI adopted two draft decisions, which were subsequently adopted by the COP/MOP plenary on 9 December.

In the discussions, Japan said the focus should be on the capacity-building framework. The G-77/China stressed capacity building for the CDM. Japan said this should be considered in the CDM contact group. South Africa underscored that capacity building is a cross-cutting issue.

COP/MOP Decisions: In the decision on capacity building in developing countries (FCCC/SBI/2005/L.35), the COP/MOP decides that the capacity-building framework in Decision 2/CP.7 applies to the Protocol’s implementation. The decision indicates that capacity building should be provided to enhance developing countries’ ability to participate in the CDM and lists priority areas. It calls for urgent attention to the capacity-building framework from Annex II Parties and requests the Secretariat to report to the COP/MOP on efforts made to implement the framework.

In the decision on capacity building in EITs (FCCC/SBI/2005/L.37), the COP/MOP indicates that the framework for capacity building in Decision 3/CP.7 applies to the Protocol’s implementation. It calls for urgent attention to EITs’ capacity-building needs and requests the Secretariat to report to the COP/MOP.

ARTICLE 3.9 AND FUTURE ACTION

The issue of future action and commitments was first addressed in the COP/MOP plenary on 30 November, under the agenda item on Protocol Article 3.9 (consideration of Annex I commitments for subsequent periods). According to Article 3.9, the process must be initiated in 2005. In their plenary statements, parties stressed the importance of this issue. Canada, Switzerland and others called for broad participation, while Zimbabwe and others emphasized that Article 3.9 refers specifically to Annex I countries. China suggested an *ad hoc* working group, and Tuvalu suggested a world summit on climate change. Greenpeace, speaking for environmental NGOs, called for a “strong response.”

INITIAL PROPOSALS: David Drake (Canada) and Alf Wills (South Africa) co-chaired a contact group and informal consultations, which met from 1 December through Friday night, 9 December. Initially, three proposals were submitted by the G-77/China, the EU, and Japan. Reaffirming that no new commitments shall be introduced under the Protocol for non-Annex I Parties, the G-77/China proposal called for an open-ended *ad hoc* group to consider further commitments from Annex I countries with a view to adopting a result at COP/MOP 4. The EU proposed recalled, *inter alia*, Protocol Article 9 (review of the Protocol), decided to initiate consideration of Annex I commitments in accordance with Article 3.9, and invited parties to make submissions for further consideration at SB 24. Also recalling Article 9, Japan’s proposal recognized that the Protocol is only a first step. Noting that emissions in non-Annex I countries are growing rapidly, it proposed initiating further consideration of Annex I commitments and preparing a review under Article 9, and recommended that COP 12 starts a review of the UNFCCC to construct an effective framework in which all parties participate to take action.

On 2 December, at a high-level informal meeting, President Dion circulated a non-paper on a process on long-term cooperative action under the Convention. The initial proposal resolved to engage in discussion for long-term cooperative action to address climate change, including environmental effectiveness, adaptation, advancing development goals sustainably, market based approaches and technology. Those discussions would take place in workshops and be completed by COP 13. On 6 December the paper was formally circulated (FCCC/CP/2005/CRP.1).

While the contact group on Article 3.9 focused only on Annex I commitments, by Wednesday its deliberations had resulted in a parallel informal group discussing a broader review of the Protocol under Article 9.

THREE PARALLEL CONSULTATIONS: Informal discussions on future action and commitments, which went very late into the night from 7-9 December, were held in three separate groups, one on Protocol Article 3.9 (future commitments), one on Protocol Article 9 (review of the Protocol), and one on President Dion's proposal for action under the Convention. Each group's discussions were dependent on progress made in the other groups, and it was clear that if there was to be an outcome, that it would be a "package deal."

On Thursday night, 8 December, the contact group on Article 3.9 reached agreement on a decision, conditional to progress in the discussions under the UNFCCC framework and Protocol Article 9. Later that night, all three issues were addressed as a "package" in a high-level informal group. The US walked out of discussions early in the night, expressing concerns about the nature and direction of the process. However, the group deliberated into the early hours of the morning, and parties agreed, without the US, to a draft decision on a dialogue on long term action.

On Friday morning, 9 December, the US offered a counter-proposal to Dion's text and informal discussions continued all day. The US proposal was presented as a "take it or leave it" offer, based on Dion's text, which strengthened references to technology and stated that the process should be "non-binding" and "not open any negotiations leading to new commitments." After lengthy discussions, a draft COP/MOP decision on Article 3.9, and a revised draft COP decision on dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention, were circulated at 2:47 am on Saturday, 10 December. The Russian Federation raised concerns that the draft decision on Article 3.9 lacked provisions for voluntary commitments. The G-77/China, the EU, Japan, Mexico, AOSIS and many others said that Article 3.9 was not the proper place to address voluntary commitments. The EU, Norway, Bangladesh, France and others expressed gratitude to the Russian Federation for ratifying the Protocol, and urged the Russian Federation to accept the draft decision on Article 3.9. China, Canada and several others suggested adopting the draft decision and addressing the Russian Federation's concerns in a different format or at a later date.

Informal discussions resumed at 4:28 am, and at 5:53 am a package agreement was reached. The COP/MOP agreed to include in the session report wording on the Russian Federation's concerns and to invite parties to submit views on Article 9. At

5:57 am, the COP/MOP adopted a decision on Article 3.9 and at 6:03 am the COP adopted a decision on dialogue on long-term cooperative action to address climate change by enhancing the implementation of the Convention.

While there was no separate text issued on Protocol Article 9, parties agreed to President Dion's proposal to include in the report of the meeting an invitation for parties to submit relevant information and views on how best to proceed under Article 9, by September 2006.

COP Decision: In this decision on dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention (FCCC/CP/2005/L.4/Rev.1) the COP reaffirms that development and poverty eradication are the first and overriding priorities of developing country parties, and recognizes that there is a diversity of approaches to address climate change and the essential role of technology in addressing climate change. The COP, *inter alia*:

- resolves to engage in a dialogue to exchange experiences and analyze strategic approaches for long-term cooperative action to address climate change including advancing development goals sustainably, adaptation, technology and market-based opportunities;
- further resolves that the dialogue will be non-binding and will not open any negotiations leading to new commitments;
- agrees that the dialogue will be informed by the IPCC;
- agrees that the dialogue should identify actions to promote sustainable development, mitigate and adapt to climate change, and explore ways to promote access by developing countries to climate-friendly technologies; and
- decides that the dialogue will take place in workshops and will report to COP 12 and COP 13.

COP/MOP Decision: In this decision on consideration of commitments for subsequent periods for parties included in Annex I to the Convention under Article 3.9 of the Kyoto Protocol: (FCCC/KP/CMP/2005/L.8/Rev.1), the COP/MOP, *inter alia*:

- decides to initiate without delay a process in an open-ended *ad hoc* group to consider further commitments by Annex I Parties beyond 2012;
- agrees that the group should aim to complete its work and have it adopted by the COP/MOP in time to ensure that there is no gap between commitment periods; and
- further agrees that the group will meet at SBSTA 24.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS

BUDGET ISSUES: These items were first taken up by SBI on 30 November. On income and budget performance in the biennium 2004-05 (FCCC/SBI/2005/13 and FCCC/SBI/2005/INF.10), parties decided that the Secretariat, in consultation with interested parties, would draft conclusions. On the programme budget for the biennium 2006-07, the SBI decided to take note of revisions to the Secretariat's work programme (FCCC/SBI/2005/INF.6). On 6 December, the SBI adopted a draft decision. The COP/MOP adopted this decision on 9 December.

COP/MOP Decision: In this decision, (FCCC/SBI/2005/L.22/Add.1), the COP/MOP: takes notes of the income and budget performance in the biennium 2004-2005; expresses concern about late payment to the Kyoto Protocol Interim

Allocation; encourages all Parties that have not yet paid their contributions to do so without further delay; and calls for more and continued contributions to the Trust Fund, in particular to ensure continuation of work relating to the implementation of the Kyoto Protocol.

PRIVILEGES AND IMMUNITIES FOR INDIVIDUALS SERVING ON CONSTITUTED BODIES ESTABLISHED UNDER THE KYOTO PROTOCOL: This item was first taken up by SBI on 29 November, before being discussed in the same contact group as the institutional linkage of the Secretariat to the UN. Work on this item at the final contact group meeting concluded on 9 December. Parties emphasized that members and experts serving on bodies under the Protocol should be able to carry out their tasks free from the threat of third party claims. Delegates also discussed options for addressing this concern, as set out in the note by the Secretariat (FCCC/KP/CMP/2005/6). Several parties said achieving a final decision on this item at COP/MOP 1 would not be possible. The EU presented an assessment of all of the listed options. Parties agreed that this matter would be taken up again at SBI 24, and drafted a decision that was adopted by the COP/MOP on 9 December.

COP/MOP Decision: In the decision (FCCC/SBI/2005/L.31), the COP/MOP, *inter alia*, requests the SBI to consider this matter at SBI 24; invites parties to submit to the secretariat, by 13 February 2006, their views on this item for compilation; and requests the Executive Secretary to consult the UN Secretary-General and to report to SBI 24.

FINANCIAL MECHANISM (KYOTO PROTOCOL): The series of sub-items under this agenda item were first taken up in the SBI plenary on 30 November and were forwarded to a contact group co-chaired by Rawlestone Moore (Barbados) and Karsten Sach (Germany). The contact group met between 29 November and 6 December to discuss these items, and those from the Financial Mechanism (Kyoto Protocol) COP/MOP agenda item. The COP/MOP adopted decisions on these items on 9 December.

Adaptation Fund: Preliminary discussion of this item was held in the contact group on 29 November. Discussion was then held informally until the contact group finalized discussions on 6 December. After extensive procedural debate, discussions began on a Co-Chairs' text, with delegates seeking to include elements of one or both of the G-77/China and EU proposals into that text. A key area of discussion was whether the GEF should serve as the financial mechanism for the Fund, with the G-77/China believing that this might not be the best option, and stressing the need to develop a Memorandum of Understanding (MOU) between the COP/MOP and the operating entity of the Fund, and to avoid the "onerous operational policies on eligibility criteria," including "incremental costs." The EU proposed a sliding-scale on co-financing to measure additional costs.

At the last contact group meeting on 6 December, the Co-Chairs suggested, and parties agreed, to delete the bracketed sections of the draft decision, which deal with eligibility criteria and other elements of the fund, and to forward draft conclusions and a draft COP/MOP decision to the SBI, which adopted these conclusions in plenary later that day. The COP/MOP adopted the decision on 9 December, at which time Canada noted its

commitment to addressing urgent adaptation needs and pledged C\$5 million for the Adaptation Fund. Japan stressed that the GEF should be the operating entity for the Adaptation Fund.

COP/MOP Decision: The COP/MOP decision (FCCC/SBI/2005/L.32) contains reference to the purpose of the Fund and guidance on its operating policies, programme priorities, and eligibility criteria for its operation, which will be adopted at COP MOP 2. It also requests the submission of views on policies, programme priorities and eligibility criteria for consideration at SBI 24, and guidance on a workshop on further guidance for operation of the Fund before SBI 24.

Guidance to the Global Environment Facility: This item was addressed at the contact group meetings on 29 November and 2 December. Discussion centered on whether a COP/MOP decision (FCCC/SBI/2005/L.33) to apply the current MOU between the COP and GEF to the COP/MOP was necessary. The G-77/China argued that there was no need for another MOU since the existing MOU already covers the Convention, while Japan, the EU and Switzerland said the MOU was needed. Lacking agreement, SBI decided to forward the draft decision to SBI 24 for further consideration.

Report of the GEF to the COP: This item was first addressed at the SBI plenary on 29 November, at which time the Philippines, for the G-77/China, raised concerns about the new GEF Resource Allocation Framework and GEF co-financing requirements. The contact group then discussed this issue beginning on 2 December until the SBI adopted a draft decision on 6 December. The decision was adopted by the COP/MOP on 9 December.

COP/MOP Decision: In its decision (FCCC/SBI/2005/L.30), the COP/MOP, *inter alia*: considers the report of the Global Environment Facility (FCC/CP/2005/3) and takes note of information provided by the GEF on its support for project-related activities in the climate change focal area, the Resource Allocation Framework, and progress on the fourth replenishment of the GEF Trust Fund.

QUANTIFIED EMISSION REDUCTION COMMITMENT FOR BELARUS

A request by Belarus to be assigned an emissions target under the Kyoto Protocol was first communicated to the UNFCCC Secretariat in October 2005, and subsequently added to the COP/MOP 1 agenda. The issue was taken up at COP/MOP 1 on 30 November, when Belarus expressed its desire to take on emissions reduction commitments and become an Annex B Party to the Protocol. During informal consultations convened by Andrej Kranjc (Slovenia), several countries raised concerns that an amendment to the Protocol would be needed for Belarus to become an Annex B Party. After further consultations, delegates were unable to agree on Belarus's request, but did agree to invite a submission from Belarus containing a proposal for an amendment. The decision was adopted by the COP/MOP on 9 December.

COP/MOP Decision: In this decision (FCCC/KP/CMP/2005/L.10), the COP/MOP acknowledges the intention of Belarus to be assigned a quantified emission limitation and reduction commitment under Protocol Article 3 for the period 2008 to 2012, and invites Belarus to submit text for a proposed amendment to Annex B.

OTHER MATTERS**METHODOLOGICAL ISSUES UNDER THE PROTOCOL: Criteria for Cases of Failure to Submit Information under Article 3.3 and 3.4:**

Parties addressed this issue in SBSTA plenary on 29 November and in a contact group co-chaired by Newton Paciornik (Brazil) and Audun Rosland (Norway), as well as in informal consultations involving a smaller group of experts. The issue entailed the development of criteria to apply in cases of failure to submit information relating to estimates of greenhouse gas emissions by sources and removals by sinks from activities under Protocol Article 3.3 and 3.4 (LULUCF), by applying a “magnitude of the adjustments to an activity,” expressed as a percentage. This magnitude is calculated through a mathematical equation, the result of which gives a threshold above which removal units cannot be issued. Draft SBSTA conclusions recommending a decision to the COP/MOP were adopted by SBSTA on 6 December. The COP/MOP decision was adopted in plenary on 9 December.

COP/MOP Decision: In the decision (FCCC/SBSTA/2005/L.18/Add.1), the COP/MOP agrees that an Annex I Party shall not issue removal units (RMUs) for a specific activity under Protocol Article 3.3 and 3.4, associated with the year of the commitment period if the magnitude of the adjustments to that activity, as defined in a mathematical equation in the annex to the decision, exceeds 9% for that year. The COP/MOP further decides that the magnitude of the adjustment shall be included in the review reports under Protocol Article 8 (review).

Implications of Project Activities under the CDM for Achieving the Aims of Other Environmental Treaties: This issue was first taken up in SBSTA plenary on 29 November, and subsequently in three contact group meetings chaired by Georg Børsting (Norway) held from 1-5 December, and in informal consultations. It addresses the implications of the establishment of new HCFC-22 facilities seeking to obtain CERs for the destruction of HFC-23. HCFC-22 is a greenhouse gas and an ozone-depleting substance controlled by the Montreal Protocol. Its consumption for non-feedstock purposes is being phased out in developed countries, and is to be frozen in developing countries at 2015 levels. HFC-23, a by-product of the manufacture of HCFC-22, is a potent greenhouse gas regulated by the Kyoto Protocol. Given the potency of HFC-23 and the relatively low cost of destroying it, a CDM project activity to destroy waste HFC-23 can result in substantial financial benefits for an HCFC-22 plant, to the point where the revenue from the sale of CERs could exceed the revenue from the sale of the HCFC-22 produced.

Parties agreed on the need to address perverse incentives from the crediting of HFC-23 destruction under the CDM that could result in increased production of HCFC-22. But views varied widely as to how to address them. Many developing countries, including Brazil, India, Mexico, Bolivia and others, proposed to exclude such project activities from the CDM. China, Canada and others suggested allowing HFC-23 destruction projects subject to certain provisions. The EU, Switzerland and others also supported exclusion, but said they could consider allowing them if provisions effectively prevented perverse incentives. Given the limited time available and the technical complexity of the issue, parties decided to further consider the issue at SBSTA

24. They did, however, agree on the importance of avoiding perverse incentives, and on the definition of a new HCFC-22 facility, a technical matter that should facilitate progress at the next session.

COP/MOP Decision: In the decision (FCCC/SBSTA/2005/L.27/Add.1), the COP/MOP states that HCFC-22 used as feedstock in the manufacture of other chemicals is not controlled under the Montreal Protocol; defines “new HCFC-22 facilities”; and recognizes that issuing CERs for HFC-23 destruction at new HCFC-22 facilities could lead to higher global production of HCFC-22 and/or HFC-23. The COP/MOP further recognizes that the destruction of HFC-23 is an important measure to mitigate greenhouse gas emissions, and encourages Annex I Parties and multilateral financial institutions to provide funding for destruction of HFC-23 in non-Annex I Parties. The COP/MOP also requests SBSTA to continue deliberations on the issue with a view to preparing a draft recommendation with guidance to the CDM Executive Board for adoption at COP/MOP 2.

ITALY’S ASSIGNED AMOUNT FOR FOREST MANAGEMENT: In the COP/MOP plenary on 30 November, the EU introduced a request by Italy to reconsider its assigned amount for forest management under Kyoto Protocol Article 3.4 (land use, land-use change and forestry). Consultations were undertaken by Thelma Krug (Brazil), and COP/MOP President Dion announced in plenary on 9 December that he had developed draft President’s conclusions on the matter based on the outcome of the consultations. The COP/MOP agreed to the conclusions.

COP/MOP Conclusions: The conclusions (FCCC/KP/CMP/2005/L.4) note Italy’s submission on this matter (FCCC/KP/CMP/2005/MISC.2), request SBSTA to consider the request and forward a draft decision for adoption at COP/MOP 2. The conclusions also request Italy to submit country-specific data to the Secretariat in a timely manner so as to facilitate SBSTA’s discussions.

HIGH-LEVEL SEGMENT

The joint high-level segment of COP 11 and COP/MOP 1 began on 7 December and concluded on 9 December. During the segment, more than 120 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 relevant 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/enb12289e.html> and <http://www.iisd.ca/vol12/enb12290e.html>. Complete webcast records of these speeches are available online at: <http://unfccc.streamlogics.com/unfccc/agenda.asp>.

OPENING OF THE HIGH-LEVEL SEGMENT: COP 11 and COP/MOP 1 President Stéphane Dion outlined progress on what he referred to as the “three ‘I’s” of “implementation, improvement, and innovation.” On implementation, he highlighted adoption of the Marrakesh Accords and the compliance mechanism, while on improvement he cited initiatives on adaptation and the CDM. On innovation, he said parties must demonstrate a strong commitment to Protocol

Article 3.9, but that action under Article 3.9 was only part of the solution. Parties also heard statements from UN Deputy Secretary-General Louise Fréchette, UNFCCC Acting Executive Secretary Richard Kinley, and Canadian Prime Minister Paul Martin, who underscored climate change as a global challenge that requires a global response from all countries.

COUNTRY STATEMENTS: Government speakers reflected on issues such as adaptation to climate change, avoided deforestation, extreme weather events, the Kyoto Protocol's flexible mechanisms, reform of the CDM, funding and capacity building, commitments under the UNFCCC and Kyoto Protocol, funding and capacity building, mitigation, observation systems, the post-2012 process, synergies and cooperation, technology development and transfer, and the adoption of the Marrakesh Accords.

Adaptation: Many speakers, including Australia, Mexico and Panama, spoke about adapting to the effects of climate change. In this regard, the needs of LDCs and SIDS were particularly emphasized, and the five-year programme of work on adaptation was discussed.

Avoided Deforestation: Several parties discussed a proposal by Papua New Guinea to provide incentives to developing countries for avoided deforestation.

Commitments: Numerous speakers pledged to meet commitments under the UNFCCC and Kyoto Protocol. Developing countries, in particular, urged Annex I Parties to honor their pledges under the Protocol.

Extreme Weather Events: The impact of recent extreme weather events and linkages to climate change were discussed by many speakers, including Jamaica, speaking for the G-77/China, and Mauritius, on behalf of the Alliance of Small Island States. Several speakers raised the issue of early warning systems to help reduce the impacts of extreme events.

Flexible Mechanisms: The CDM was a particular focus of discussions, with many highlighting the need to improve or streamline the CDM. Other issues raised included: the link between the CDM and poverty reduction; the importance of maintaining the environmental integrity of the CDM; the need to ensure equitable geographic distribution of CDM projects, and particularly to expand the number of CDM projects in Africa; and the impact of the EU emissions trading scheme.

Funding and Capacity Building: Many speakers, particularly those from developing countries, highlighted the importance of adequate funding and capacity building, and some urged Annex I Parties to honor their commitments. Bangladesh, on behalf of LDCs, called for compensation for damages caused by climate change, supported adaptation efforts and implementation of National Adaptation Programmes of Action. Parties also urged support for the Adaptation Fund and Special Climate Change Fund.

Mitigation: Developed countries in particular reflected on their activities, with Sweden highlighting its success in decoupling economic growth from emissions and Japan reporting on its range of domestic efforts, including awareness raising activities.

Post-2012: Most participants commented on the issue of post-2012 action. Many supported launching a process at this conference, while a large number of speakers also stressed the

principle of common but differentiated responsibilities. Several specifically supported COP President Dion's proposal for an inclusive process under the UNFCCC, while the G-77/China supported addressing future Annex I commitments under Protocol Article 3.9 (future commitments). Some, including Canada, also favored a "two-track" approach encompassing a process under both the UNFCCC and the Protocol. Australia said the UNFCCC approach reflected that fact that some Parties will not participate in Kyoto-style national targets. Switzerland emphasized its commitment to continue the Protocol beyond 2012, while stressing the need to expand the multilateral framework.

Technology Development and Transfer: Parties supported a strong focus on technology development and transfer. Issues raised included access to clean technology, energy conservation, and carbon dioxide capture and storage.

STATEMENTS FROM UN BODIES AND AGENCIES: The World Meteorological Organization highlighted the value of climate monitoring and research that involves national meteorological services and developing countries. The UN Department of Economic and Social Affairs recalled the 2005 World Summit's conclusions and emphasized the need to integrate climate and development policies. The UN Environment Programme highlighted links to the Millennium Development Goals and urged faster and deeper emissions reductions. The International Civil Aviation Organization listed technical standards, optimized controls, shorter routings and emissions trading as options to reduce aviation emissions. The Intergovernmental Panel on Climate Change updated parties on the Fourth Assessment Report, and the Global Environment Facility explained the positive impacts of the Resource Allocation Framework and noted ongoing negotiations on the GEF's fourth replenishment. The Convention on Biological Diversity said climate change is one of the drivers for biodiversity loss and the Convention to Combat Desertification urged strengthened collaboration.

STATEMENTS FROM OBSERVER ORGANIZATIONS: The International Energy Agency highlighted the importance of emissions trading mechanisms, energy efficiency, and technology development to transform the world's energy systems. The IUCN-World Conservation Union appealed to governments to move forward on actions that recognize the collective responsibility for climate change and its impacts, and supported mainstreaming climate change measures into the wider development framework. The International Institute of Refrigeration stressed the need to continue to phase out chlorofluorocarbons and hydrofluorocarbons, since these have both ozone-depleting and global warming effects. The International Council for Local Environmental Initiatives emphasized local governments' commitment to reduce emissions by 80% by 2050. The International Confederation of Free Trade Unions emphasized unions' potential to contribute to the climate process by mobilizing millions of workers. Indigenous peoples organizations highlighted the importance of indigenous peoples and their participation in the climate process. Calling for effective action, a group of independent organizations emphasized their capacity to assist governments and add value to formulating climate policies.

The Arctic Council highlighted climate change impacts on indigenous communities. The International Federation of Agricultural Producers underscored the role of agricultural producers in combating the impacts of climate change. Women's groups urged consideration of gender perspectives within the climate change process, especially in adaptation measures and projects.

Business and industry organizations reflected on the challenges involved in evolving into low-carbon economies, and highlighted the need for certainty and long-term policies to foster investment and development of new technologies. Climate Action Network International highlighted adaptation and financing issues, and said no single government will be able to hold up the climate change process. Youth organizations urged a strong post 2012 regime, and the World Council of Churches said life and the atmosphere are sacred gifts and should be protected.

CLOSING COP AND COP/MOP PLENARY

Early on Saturday morning, 10 December, after all-night negotiations on the package on future actions, President Dion convened the closing plenary. Parties adopted the reports of the COP/MOP (FCCC/KP/CMP/2005/L.1 and Add.1) and COP (FCCC/CP/2005/L.1 and Add.1) shortly after 6:00 am. Parties had also earlier also adopted the reports of the subsidiary bodies (FCCC/SBSTA/2005/4 and Add.1 and Amend.1; FCCC/SBSTA/2005/L.15; FCCC/SBI/2005/10 and Add.1; FCCC/SBI/2005/L.16).

In his closing speech, President Dion reflected the outcomes from both COP 11 and COP/MOP 1, stating that the Kyoto Protocol is now fully operational. On the Protocol, he observed that the CDM has been strengthened and streamlined, and is better funded to handle an increase in demand for project approvals. He also noted the launch of the JI supervisory committee.

President Dion drew attention to agreement on a way forward on the Adaptation Fund. He also noted that discussions have been initiated on the future under both the UNFCCC and Kyoto Protocol, sending a strong signal to the carbon market and creating incentives for investment. In addition, submissions have been requested by 1 September 2006 on Protocol Article 9 (review of the Protocol). He explained that "we have achieved what many claimed was unattainable – a process on enhancing implementation under the UNFCCC." He stated that there is now a forum to find innovative solutions, and referred to this package of agreements as the "Montreal Action Plan," which he described as a "clear roadmap for future work under the Convention."

Reflecting on the past two weeks of meetings, he said participants had delivered on an extremely ambitious agenda, adopting more than 40 significant decisions. He praised the Canadian delegation, the "wonderful" UNFCCC Secretariat team, Canada's Foreign Affairs Minister Pierre Pettigrew, former US President Bill Clinton, and former UNFCCC Executive Secretary Michael Zammit Cutajar, who he described as the "hero of a new episode of climate diplomacy" for his work in the negotiations. He thanked delegates and participants for making this meeting a success. Congratulating parties on completing the "Montreal marathon," he added that there is still a long race to

run but that, thanks to the Montreal Action Plan, "we will be able to run this together." He gavelled the meeting to a close at 6:17 am on Saturday morning, 10 December 2005.

A BRIEF ANALYSIS OF COP 11 & COP/MOP 1

"THE I'S OF THE WORLD ARE WATCHING"

While expectations for the eleventh session of the Conference of the Parties to the Framework Convention on Climate Change (COP 11) and the Conference of the Parties serving as the first Meeting of the Parties to the Kyoto Protocol (COP/MOP 1) varied greatly, for those who support multilateral efforts to address climate change it was clear that some form of success was imperative. A successful outcome in Montreal would not only serve to operationalize the Protocol, it could also send a positive signal around the world about the future of the climate regime beyond the end of the first commitment period in 2012. Failure could undermine the Protocol in the near-term and send mixed, or even negative, signals about the future.

On the first day of the meetings, COP and COP/MOP President Stéphane Dion outlined his key goals, which he called the three "I's". According to Dion, delegates needed to: "implement" the Protocol, especially the Marrakesh Accords, and other decisions needed to make the Protocol function effectively; "improve" the operation of the Protocol and the Convention; and "innovate" by exploring "options for future cooperation in a manner that reflects the full range of interests of the Convention." These "three I's" became the standards by which the outcomes of the meetings would be judged.

This brief analysis will consider the successes and/or failures of COP 11 and COP/MOP 1 through the lens applied by President Dion, and offer some initial thoughts on the future of the global climate regime.

IMPLEMENTATION

The most urgent objective in Montreal was to implement the Kyoto Protocol. The Protocol's entry into force in February 2005 may have made it a legal instrument, but without the formal adoption of the Marrakesh Accords, which set out the technical details that are key to its functioning and integrity, the utility of the Protocol and its mechanisms, at least in the near-term, would be greatly reduced. Many felt that without the Accords the entire Protocol could unravel and the delicate balance reached at COP 7 in Marrakesh in 2001 would be difficult, if not impossible, to re-establish.

Despite some nervousness that one or more parties might prevent adoption of the Marrakesh Accords and obstruct the Protocol, delegates quickly adopted the Accords and set Protocol implementation in motion. Even the thorny issue of how to adopt the compliance mechanism was overcome relatively early in the second week. Saudi Arabia had invoked Article 18 of the Protocol, which indicates that in order for this mechanism to be legally binding, the Protocol must be amended. Since the compliance mechanism is necessary to define eligibility to use the flexible mechanisms, most other parties preferred immediately adopting it by a COP/MOP decision and considering an amendment later. Saudi Arabia eventually agreed to this approach, possibly due to pressure from those members of

the G-77/China who stand to benefit from the CDM. By adopting the compliance system, delegates established the most elaborate compliance regime of any existing multilateral environmental agreement.

Even those elements that were not fully resolved, including the Special Climate Change Fund and the Adaptation Fund, were safely pushed to the next meetings of the subsidiary bodies for consideration. In the meantime, the major operational pieces of the Protocol, including the flexible mechanisms, will be up and running, giving carbon markets a major boost.

IMPROVEMENT

Heading into COP/MOP 1, adaptation and the Clean Development Mechanism (CDM) had emerged for many as those items most in need of “improvement”: the former because its absence from the Convention has long been seen as a lacuna, and the latter because a more efficient CDM that can handle a large number of project proposals is viewed by many as a prerequisite for its success.

When the UNFCCC was adopted in 1992, adaptation was largely seen as an afterthought to mitigation. In recent years, however, adaptation has become a key piece of the response to climate change – so much so that that both COP 8 and COP 10 were dubbed “the Adaptation COP” – particularly as the effects of climate change become more evident.

Development of a five-year programme of work on adaptation began at COP 10, with the expectation that it would be adopted in Montreal. The challenge, however, was to balance the interests of developing countries, which had called for an action-oriented programme that would enable some kind of immediate action, with those of developed countries, which were more cautious given that this programme of work could imply additional funding. Although the initial actions identified in the programme of work are not as action-oriented as many parties would have liked, the general objectives appear to address the interests of most developing countries. Despite the fact that funding to undertake much of the work is not yet in place, many felt that progress on addressing adaptation was made.

While formal adoption of the CDM rules by the COP/MOP was achieved without difficulty, many parties and other actors have pushed hard for reforms, albeit with different objectives. On the one hand, the private sector and some developing countries in particular want to dramatically increase the number of CDM projects. They have been frustrated at the time taken to secure approval of projects by the CDM Executive Board, and want to clear the “logjam.” Some also want to expand the type of projects that can be approved. On the other hand, many NGOs and parties such as small island states have emphasized the need to ensure environmental integrity of emissions reductions from the CDM. “We want more projects, but not if it means more bad projects,” said one expert.

The COP/MOP adopted a decision that seems to strike a reasonable balance between these objectives. Most importantly, it outlines measures relating to the Board’s functioning, transparency and efficiency. In addition to a decision to levy US\$0.10 to US\$0.20 per Certified Emissions Reduction for administrative expenses, Annex I countries responded to the CDM Executive Board’s financing gap by pledging US\$8,188,050 in funds. The decision also requests the Board

to consider new ways of demonstrating additionality and carry out further work on certain project types and methodologies. The outcome may not be exactly what either side wanted, but it struck a necessary balance and will enable the CDM to go forward.

INNOVATION

By the time the last plenary sessions of the COP and COP/MOP began in the small hours of Saturday morning, some delegates were already giving the meeting an ‘A’ grade. This was even before the adoption of decisions under Protocol Article 3.9 (Future Commitments) and President’s Dion’s paper on a dialogue on long-term cooperative action for all UNFCCC Parties.

There is little doubt that this final ‘I’ was the most difficult of the three objectives. It was also in many ways the most important, at least for the global response to climate change under the UNFCCC umbrella. Even if the Kyoto Protocol could function without a clear direction on the way forward beyond 2012, without a longer-term signal to the international community and the private sector about future directions, the value of progress made on implementation and improvement would be significantly undermined. Business interests have been particularly vocal in their call for predictability given their long-term investment horizons.

By advocating for a process to consider the future under both the Kyoto Protocol and UNFCCC, President Dion sought an outcome that maintained the momentum and integrity of the Protocol while also engaging the US and other countries that have not ratified the Protocol.

The final piece of the “future commitments” puzzle was to link these processes to a third – namely the review of the Protocol mandated under Article 9. As Protocol Article 3.9 only involves Annex I countries, some hope that this third process will open the door to some form of commitments by developing countries.

These three processes will run in parallel, thus offering several possibilities for future action on climate change. It may have taken delegates into the early hours of Saturday morning to reach agreement to move forward on all three processes and resulted in many heart-stopping moments for negotiators, but by the end of the meeting President Dion was able to declare success on his third and final ‘I.’

EVALUATING SUCCESS

As the conference closed on Saturday morning, many delegates and civil society representatives appeared satisfied that they had overcome so many potential pitfalls and actually achieved consensus. However, the simple fact that delegates agreed to embark on several processes does not indicate the substance of a future agreement. It is one thing to make progress, but quite another to achieve long-term success.

Some may argue that President Dion was able to achieve his objectives by setting the bar low enough that a positive outcome was almost assured. After all, many of the major battles over the implementation of the Protocol were fought in 2001. It could also be argued that the decisions on post-2012 were not sufficiently specific to guarantee a positive outcome in the long-term.

However, most delegates leaving the Palais des congrès de Montréal on Saturday morning would say such criticisms are unjustified. Even several veterans of the process seemed to be in a state of mild euphoria as the meeting ended. While these three parallel processes may not commit parties to take any definite action, agreeing to discuss the future under both the Protocol and the Convention was more than many felt was achievable at this time.

AN "I" TO THE FUTURE

Even though the outcomes of COP 11 and COP/MOP 1 exceeded expectations, the future of the climate regime is still highly uncertain. The Russian Federation's last-gasp push to have a reference to voluntary commitments in the decision on Article 3.9 suggests that they have joined the group of countries that may not be willing to take on commitments unless large developing countries are part of a future deal. Other major parties, including the United States, Australia, India, and China, have begun to focus on technology development and diffusion via the Asia-Pacific Partnership, and this focus on technology is also reflected in the decision to discuss future commitments under the Convention. How this and other multilateral initiatives ultimately fit with the UNFCCC process is an issue that will need to be assessed in the future.

The future may not be clear, but at this critical juncture the Kyoto Protocol is operational and multiple paths to move forward within the UN framework have been established. Given the real risk of failure in Montreal, it is hard to dispute that COP 11/COP/MOP 1 was anything but a success.

UPCOMING MEETINGS

SEVENTEENTH MEETING OF THE PARTIES TO THE MONTREAL PROTOCOL: MOP-17 is scheduled to take place in Dakar, Senegal, from 12-16 December 2005, together with the seventh Conference of the Parties to the Vienna Convention. For more information, contact: Martha Leyva, Ozone Secretariat; tel: +254-2-62-3850; fax: +254-2-62-3601; e-mail: ozoneinfo@unep.org; internet: <http://www.unep.org/ozone>

SECOND AUSTRALIA-NEW ZEALAND CLIMATE CHANGE AND BUSINESS CONFERENCE: This conference will take place in Adelaide, Australia, from 20-21 February 2006, and will explore business opportunities and risks associated with climate change. For more information, contact: The Conference Company Ltd NZ; tel: +64-9-360-1240; fax: +64-9-360-1242; e-mail: secretariat@climateandbusiness.com; internet: <http://www.climateandbusiness.com>

EWEC 2006 EUROPEAN WIND ENERGY CONFERENCE: This Conference will take place in Athens, Greece, from 27 February to 2 March 2006. For more information, contact: Bruce Douglas; tel: +32-2546-1942; fax: +32 2546 1944; e-mail: bruce.douglas@ewea.org; internet: http://www.ewea.org/documents/2006EWEC_programme.pdf

2006 CARBON MARKET INSIGHTS EVENT: This event will take place in Copenhagen, Denmark, from 28 February - 2 March 2006, and will focus on various aspects of the carbon market. For more information, contact: Henriette Drolsum,

Point Carbon; tel: +47-22-422224; fax: +47-22-422225; e-mail: conference@pointcarbon.com; internet: http://www.pointcarbon.com/wimages/CMI_2006_Overview.pdf

TWENTY-FIFTH SESSION OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE: This meeting is tentatively planned for 19-21 April or 25-27 April 2006, in a location yet to be determined. For more information, contact: Rudie Bourgeois, IPCC Secretariat; tel: +41-22-730-8208/84; fax: +41-22-730-8025/13; e-mail: IPCC-Sec@wmo.int; internet: <http://www.ipcc.ch/calendar2006.htm>

FOURTEENTH SESSION OF THE UN COMMISSION ON SUSTAINABLE DEVELOPMENT: CSD-14 will begin the second cycle of the Commission's new work programme, from 1-12 May 2006, at UN headquarters in New York. The meeting will review progress on atmosphere/air pollution, climate change, energy and industrial development. For more information, contact: UN Division for Sustainable Development; tel: +1-212-963-8102; fax: +1-212-963-4260; e-mail: dsd@un.org; internet: <http://www.un.org/esa/sustdev/index.html>

CONFERENCE ON CLIMATE CHANGE TECHNOLOGY: ENGINEERING CHALLENGES AND SOLUTIONS IN THE 21ST CENTURY: This conference will take place in Ottawa, Canada, from 9-12 May 2006, and aims to provide opportunities for engineers and others to network and exchange views on climate change technology. For more information, contact: John Grefford, Institute of Electrical and Electronics Engineers, Organizing Committee Chair; tel: +1-613-839-1108; fax: +1-613-839-1406; e-mail: Grefford@IEEE.org; internet: <http://www.CCC2006.ca>

TWENTY-FOURTH SESSIONS OF THE SUBSIDIARY BODIES OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: These meetings will be held in Bonn, Germany, from 15-26 May 2006. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://www.unfccc.int>

EIGHTH INTERNATIONAL CONFERENCE ON GREENHOUSE GAS CONTROL TECHNOLOGIES: The GHGT-8 conference will be held in Trondheim, Norway, from 19-23 June 2006, providing a forum to discuss the latest advances in greenhouse gas control technologies. For more information, contact: Mari Sæterbakk, GHGT-8 Secretariat; tel: +47-73-595-265; fax: +47-73-595-150; e-mail: info@ghgt-8.no; internet: <http://www.ghgt8.no/>

TWELFTH CONFERENCE OF THE PARTIES TO THE UNFCCC AND SECOND MEETING OF THE PARTIES TO THE KYOTO PROTOCOL: UNFCCC COP 12 and Kyoto Protocol COP/MOP 2 will take place from 6-17 November 2006. Kenya has offered to host these meetings, although the location is still to be confirmed. These meetings will also coincide with the 25th meetings of the UNFCCC's subsidiary bodies. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://www.unfccc.int>