



16th Upper Managers Report on Climate Change

*Key Decisions taken at the Twelfth Session of
the Conference of the Parties to the UN
Framework Convention on Climate Change
and Second Meeting of the Parties to the
Kyoto Protocol*

November 6-17, 2006 – Nairobi, Kenya

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Government negotiators at the United Nations Climate Change Conference in Nairobi continued two processes launched last year in Montreal to consider next steps in the international climate effort, and agreed in the final hours to open another track to review the Kyoto Protocol. In two weeks of talks, parties also agreed on modest steps on adaptation, debated approaches to reducing deforestation and accelerating technology transfer, and heard proposals from South Africa and Brazil on ways to promote stronger action by developing countries.

The conference – known formally as the Twelfth Session of the Conference of the Parties to the UN Framework Convention on Climate Change (COP 12) and the Second Meeting of the Parties to the Kyoto Protocol (COP/MOP 2) – was the first such gathering in sub-Saharan Africa. Its high-level segment featured an opening statement by outgoing UN Secretary-General Kofi Annan, who lamented a «frightening» lack of leadership from governments and announced the «Nairobi Framework,» an initiative to help spread the benefits of Kyoto's Clean Development Mechanism (CDM) among more developing countries.

Business and economic issues took on a more prominent role in Nairobi. Sir Nicholas Stern of the U.K. government presented a comprehensive new economic review showing that the projected impacts of climate change will be far more costly to the global economy than the steps that would be required to avert them. Business leaders, meanwhile, expressed growing concern that without strong new signals from governments on the future of the climate effort, the rapidly expanding carbon market spawned by the Kyoto Protocol could collapse.

But with the United States and developing countries still strongly opposing any discussion of taking on binding commitments, the conference made little measurable progress toward new agreements on international action beyond 2012, when the current Kyoto commitments expire. The most contentious issues were the terms of the new Kyoto Protocol review, a proposal by Russia to establish a pathway for developing countries to take on «voluntary» emission targets, and Belarus' proposal to set an emissions target for itself. As those were issues for Kyoto parties only, the United States did not engage on them and maintained a relatively low-key posture throughout the conference.

Despite the lack of progress, much of the debate was marked by a growing sense of urgency about the threats posed by climate change, and privately some developed country negotiators talked of aiming for a strong new negotiating mandate at next year's conference, tentatively slated for Bali, Indonesia.

Following are summaries of key outcomes (the full text of decisions is available [here](#))

The Montreal Processes

The Kyoto process – triggered by Article 3.9 of the Protocol and called the Ad Hoc Working Group (AWG) on Further Commitments for Annex I Parties under the Kyoto Protocol – has the charge of negotiating post-2012 commitments for developed country parties. In Nairobi, the AWG, held a workshop to explore the scientific basis for establishing future commitments. In its conclusions, the AWG noted that to stabilize concentrations, global emissions must be reduced to «well below half of levels in 2000,» seen by many as an implicit recognition that developing country commitments also will be needed.

Unlike the AWG, the Dialogue on Long-Term Cooperation Action to Address Climate Change by Enhancing Implementation of the Convention – the parallel track established in 2005 under the Convention – is explicitly not a negotiation, but rather a two-year series of workshops to explore a set of broad themes related to future action. Its launch reflected the recognition that Kyoto's developed country parties are unlikely to take on new targets under the AWG without some means of securing stronger action by major developing countries and by the United States (which is a party to the Convention but not the Protocol).

Review of the Kyoto Protocol

Article 9 of Kyoto required an initial review of the Protocol at COP/MOP 2 and calls for periodic reviews thereafter. The timing and nature of the second Protocol review emerged as the most difficult issue in Nairobi because of the potential implications for the question of future commitments. Developed countries, hoping to establish a process demonstrating that developed country commitments alone would be inadequate, sought a firm date for a second review explicitly linked to the Article 3.9 negotiations. Developing countries, however, strongly opposed any linkage or specified timing, and insisted the review focus narrowly on how well developed countries are implementing their existing commitments under Kyoto.

The compromise adopted calls for a review at COP/MOP 4 in 2008, with its «scope and content» to be decided at COP/MOP 3. The decision specifies that the review «shall not lead to new commitments for any Party,» but also notes that the COP/MOP «shall take appropriate action» based on the Article 9 reviews.

Russian and Belarus Proposals

The COP/MOP also wrestled with two specific proposals related to the question of how additional countries could assume emission targets under the Protocol – a proposal by Belarus to commit itself to a target, and a proposal by Russia to establish a process enabling developing countries to make «voluntary commitments».



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To win the COP/MOP's approval, Belarus accepted a target of 8 percent below 1990 levels (the same as the European Union's), together with various safeguards to limit the potential for «hot air,» including a requirement that it hold 7 percent of its allowances in reserve, unavailable for trading, and a commitment to use any proceeds from emissions trading for further emission abatement measures. The Belarus target is the first new target adopted – and the first amendment to the Protocol – but takes effect only if ratified by three-fourths of the Kyoto parties.

While the Protocol spells out procedures for new emission targets for Annex I parties, developing countries insisted that it include no mechanism for them to take on targets. Last year in Montreal, Russia proposed establishing a way for developing countries to take on voluntary emission limits, and the proposal was deferred to Nairobi. A last-minute compromise calls for a workshop in May 2007 «to clarify and explore the scope and implications» of the proposal, with a report to COP/MOP 3.

Adaptation

A major issue for the COP/MOP was the administration of the Adaptation Fund established under Kyoto to support adaptation efforts in vulnerable countries. The Adaptation Fund is supported by a 2 percent levy on projects generating emission credits through the CDM. As such, many developing countries have argued that it should be managed not by the donor-dominated Global Environmental Facility, which manages the other funds, but by an entity giving developing countries more say in decision-making. Parties decided that funding would be made available for national, regional, and community-level efforts, and that whatever governing body is selected, a majority of its members will represent developing countries.

Clean Development Mechanism

Another issue drawing particular attention was the geographic distribution of CDM projects. Under the CDM, projects that reduce emissions in developing countries generate tradable emission reduction credits that can be applied by developed countries toward their emission targets. This provides developed countries with lower-cost reductions while drawing investment to clean development in developing countries. However, the vast majority of projects approved to date are in large countries such as China, India, and Brazil, with only a handful in Africa.

To help promote a broader distribution, UN Secretary-General Kofi Annan announced the «Nairobi Framework,» a joint initiative of the UN climate secretariat, the United Nations Development Programme, the United Nations Environment Programme, the World Bank Group, and the African Development Bank.

Among other CDM-related issues, the COP/MOP called for further input from governments and others on whether carbon capture-and-storage (CCS) technologies should be eligible as CDM projects. Following a workshop on the issue in May/2006, many parties felt that developing countries were not the right proving ground for the emerging CCS technologies. The COP/MOP called for submissions on a range of technical issues and asked the Subsidiary Body on Scientific and Technological Advice (SBSTA) to provide recommendations at COP/MOP 3, with a view to taking a decision at COP/MOP 4.

Technology Transfer

The perennial debate over technology transfer became more pointed in Nairobi with parties offering widely differing views on whether and how to extend the mandate of the Expert Group on Technology Transfer (EGTT).

The EGTT has to date had a largely analytical role, studying a wide range of technology-related issues and helping countries assess technology needs and options. With the group's mandate set to expire, developing countries saw an opportunity to reinvent it as a standing body with a much stronger role in promoting the transfer of technologies from developed countries. Proposals included creation of a Technology Development and Transfer Board with decision-making powers, and establishment of a Multilateral Technology Acquisition Fund to make technologies available to developing countries by «buying out» intellectual property rights. These proposals were staunchly opposed by developed countries.

The COP agreed only to keep the EGTT alive for another year and to refer the issues back to SBSTA with a view to adopting a decision at COP 13.

Future Meetings

COP 13 and COP/MOP 3 were set for December 3-14, 2007, likely in Bali, with a final decision on the venue due in mid-February.

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based on Pew Center on Global Climate Change
http://www.pewclimate.org/what_s_being_done/in_the_world/cop12/summary.cfm*