



18th Upper Managers Report on Climate Change

*Summary of the Thirteenth Conference of
Parties to the UN Framework Convention on
Climate Change and Third Meeting of Parties to
the Kyoto Protocol*

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N.A.: Links to web sites for further information on specific documents are spread throughout this report.

The «United Nations Climate Change Conference in Bali» was held from 3-15 December 2007. The conference involved a series of events, including the **thirteenth Conference of the Parties (COP 13)** to the UN Framework Convention on Climate Change (UNFCCC) and **third Conference of the Parties serving as the Meeting of Parties to the Kyoto Protocol (COP/MOP 3)**. These events drew over 10,800 participants, including more than 3500 government officials, 5800 representatives of UN bodies and agencies, intergovernmental organizations and non-governmental organizations, and nearly 1500 accredited members of the media.

The event resulted in the adoption of **COP and COP/MOP decisions** and the approval of a number of conclusions by the subsidiary bodies. These outcomes covered a wide range of topics, including finalizing the **Adaptation Fund under the Protocol**, a decision on **reducing emissions from deforestation in developing countries**, and outcomes on technology transfer, capacity building, the Kyoto Protocol's flexible mechanisms, the adverse effects of combating climate change, national communications, **financial and administrative matters**, and various methodological issues.

In parallel with the negotiations, a joint COP and COP/MOP **high-level segment** was held during 12-14 December. This was attended by over 100 ministers and other high-level government officials. More than 200 «side events» were also held on a range of climate change topics. Reports on the side events are available at: <http://www.iisd.ca/climate/cop13/enbts/>.

The main focus in Bali, however, was on long-term cooperation and the post-2012 period, when the Kyoto Protocol's first commitment period expires. Negotiators spent much of their time seeking to agree on a two-year process – or «**Bali roadmap**» – to finalize a post-2012 regime by December 2009 at COP 15 and COP/MOP 5 in Copenhagen, Denmark, in 2009. Negotiations were conducted in a number of groups under the aegis of both the Convention and the Protocol. Under the Convention, the discussions focused on how to follow up on the «*Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention.*» Under the Protocol, the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG) considered a timetable for determining Annex I commitments for the post-2012 period. Delegates also outlined a preparatory process for the second review of the Protocol under Article 9, and held discussions on the «**Russian proposal**» on voluntary commitments.

This report summarizes the discussions, decisions and conclusions based on the agendas of the COP, COP/MOP and the subsidiary bodies, with separate sections on the negotiations and outcomes under high-level segment and the Bali roadmap.

Main Decisions of the Thirteenth Conference of the Parties (COP 13)

- ❖ **Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report -** The COP recognized the **IPCC Fourth Assessment Report - AR4** - as the most authoritative assessment of climate change; the document informs, among other issues, that global GHG emissions should be reduced by 85-50% in 2050 based in the 2000 emissions in order to achieve a global mean temperature 2 to 2.4 °C higher than in preindustrial time at equilibrium; urged parties to make use of information contained in AR4 in discussions under all relevant agenda items, including future action, as well as in their national policies; and invited the IPCC to provide timely information to parties.
- ❖ **Financial Mechanism** - The COP invited parties to submit to the Secretariat by March 21, 2008, their views on, *inter alia*: the report prepared by the UNFCCC Secretariat in collaboration with the Global Environment Facility (GEF) Secretariat on the assessment of funding necessary to assist developing countries in meeting their commitments under the Convention; options for scaling up the international financial response to climate change; and the report on the analysis of existing and potential investment and financial flows relevant to an international response to climate change.
- ❖ **Non-Annex I Parties' National Communications** - In its conclusions, the Subsidiary Body for Implementation (SBI) recommended that the COP 13 requested the GEF to, *inter alia*: ensure the financial resources to «*meet the agreed full costs incurred by developing countries*» in complying with Convention Article 12.1; work with its implementing agencies to continue to simplify its procedures and improve the effectiveness of the funding process; and refine operational procedures to ensure timely disbursement of funds.
- ❖ **Technology Transfer** - The COP adopted the five themes of the technology transfer framework, namely TNAs, technology information, enabling environments, capacity building, and mechanisms for technology transfer. The terms of reference include a request that the Expert Group - EGTT develop a two-year rolling program of work for endorsement at the Subsidiary Body for Scientific and Technological Advice (SBSTA) 28, including plans for 2008-2012 and the post-2012 period. Also, the EGTT





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shall make recommendations to the subsidiary bodies; identified points that are important for funding, including implementation of TNAs, incentives for the private sector, issues associated with full incremental costs, and licenses for low-carbon technologies and know-how; requested the GEF to elaborate a strategic program to scale up the level of investment for technology transfer; to elaborate a set of performance indicators to be used by SBI; and agreed that TNAs will continue under the Convention.

❖ Reducing Emissions from Deforestation in Developing Countries - The COP:

- o affirmed the urgent need to take further meaningful action to reduce emissions from deforestation and forest degradation in developing countries;
- o encouraged parties to explore a range of actions and undertake efforts, including demonstration activities, to address the drivers of deforestation, *«with a view to reducing emissions from deforestation and forest degradation and thus enhancing forest carbon stocks due to sustainable management of forests»;*
- o requested the SBSTA to undertake a program of work on methodological issues related to a range of policy approaches and positive incentives, including through submissions and the organization of a workshop, and to report to COP 14 on the outcomes of this work; and
- o noted the further consideration, under the Bali roadmap, of *«policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries.»*

Main Decisions of the Third Conference of the Parties Serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 3)

COP/MOP President Rachmat Witoelar opened COP/MOP 3 on Monday, 3 December. Australia announced new Prime Minister Kevin Rudd's intention to ratify the Kyoto Protocol expeditiously, to reduce emissions by 60% by 2050 and introduce an emissions trading system. The EU, the G-77/China and Saudi Arabia welcomed the decision. The EU also stressed the need to operationalize the Adaptation Fund and called for an inclusive post-2012 negotiation process under the Convention and Protocol.

- ❖ **Clean Development Mechanism Executive Board (CDM-EB) Governance** - The COP/MOP encouraged the Executive Board to, *inter alia*, further emphasize its executive and supervisory role; to simplify operational aspects of the CDM, while ensuring environmental integrity; and *«further improve its functions to ensure a fair and equitable regulatory system.»* It also encouraged the Board to: broaden the application of methodologies; consolidate methodologies; continue working on energy efficiency and renewable energy; improve the additionality tool; and approve certain methodologies related to non-renewable biomass at its next meeting. The decision also contained several paragraphs on capacity building and equitable distribution of CDM projects. The COP/MOP recognized barriers to regional distribution and the need to address them and abolishes the CDM levy and registration fee for projects in least developed countries (LDCs).
- ❖ **Changes in the Limit for Small-Scale Afforestation and Reforestation CDM Project Activities** - The COP/MOP decided to revise the limit for afforestation and reforestation project activities under the CDM to 16 kt of CO₂ per year.
- ❖ **Carbon Dioxide Capture and Storage (CCS) as a CDM Project Activity** - Discussions focused on such issues as the process towards reaching a decision at COP/MOP 4; the contents of submissions from parties, intergovernmental and non-governmental organizations; and a list of topics to be considered, which included long-term liability, market aspects and technical issues. No agreement was reached on the list of topics, but delegates agreed to request the Secretariat to prepare a paper reflecting discussions on the list. SBSTA requested the Secretariat to prepare a synthesis report of previous submissions for consideration at SBSTA 28.
- ❖ **International Transaction Log** - SBI urged Annex B parties to initiate the operation of their national registries with the international transaction log as soon as possible during 2008, in order to facilitate the full use of emissions trading.
- ❖ **Adaptation Fund** - The COP/MOP determined that the operating entity shall consist of *«the Adaptation Fund Board serviced by a secretariat and a trustee.»* It established the Board to supervise and manage the Fund, under the authority and guidance of -and fully accountable to- the COP/MOP. It also set out functions, including the development of strategic priorities, policies and guidelines, deciding on projects, and the development of rules of procedure.



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High-Level Segment

The joint high-level segment of COP 13 and COP/MOP 3 took place from 12-14 December. During the segment, seven heads of state or government delivered statements, along with more than 100 ministers and other high-level government officials, senior representatives of intergovernmental and non-governmental organizations, UN bodies and specialized agencies, and a range of stakeholders. Speakers reflected on a wide range of issues relating to climate change, the UNFCCC and the Kyoto Protocol.

Parties reflected on a wide range of issues too, including: «long-term» issues relevant to what happens after the Protocol's first commitment period ends in 2012; and a Bali roadmap as a lead process to reach an agreement on post-2012 action by 2009. Many also referred to the four «building blocks» identified as key components of a post-2012 agreement: mitigation, adaptation, technology and financing. Several speakers expressed their views on the respective roles of Annex I and non-Annex I parties, especially industrialized and large developing countries, in a post-2012 regime. They also considered the role of renewable energy, energy efficiency, CCS, national actions, international cooperation, the needs of Small Island Developing States (SIDS) and LDCs, vulnerability to extreme weather events, and reducing emissions from deforestation. The importance of sending clear signals to the private sector and establishing a global carbon market was also highlighted.

Pakistan, for the G-77/China, emphasized that the Convention and Protocol should remain the central multilateral platform for addressing action on climate change and cautioned against erosion or replacement with a less equitable post-2012 arrangement. Portugal, for the EU, stated that the EU is fully convinced of the urgency of enhancing international cooperation in order to rapidly accelerate the transfer of environmentally-sound technologies. Grenada, for Alliance of Small Island States (AOSIS), called for agreement on a shared vision to preserve islands and their people as a priority, taking into consideration their low adaptive capacity. Australia, for the Umbrella Group, supported the Bali roadmap and progress on technological cooperation and deforestation issues. Germany announced plans to cut emissions by 40% by 2020 compared with 1990 levels. Indonesia briefed delegates on two high-level meetings held in parallel with COP 13 and COP/MOP 3, one for finance ministers, the other for trade ministers. These meetings considered linkages between climate change and economic and development planning, and between the World Trade Organization and UNFCCC.

For more detailed written reports on the high-level segment, see: <http://www.iisd.ca/vol12/enb12352e.html> and <http://>

www.iisd.ca/vol12/enb12353e.html. Complete webcast records of these speeches are available online at: <http://www.un.org/webcast/unfccc/2007/index.asp?go=900>

Bali Roadmap

The most significant issue taken up during the UN Climate Change Conference in Bali was the question of a multilateral framework to address climate change during the post-2012 period, when the Kyoto Protocol's first commitment period expires. Negotiators spent much of their time seeking to agree on a two-year process – or «Bali roadmap» – to finalize a post-2012 regime by December 2009.

❖ **Dialogue on long-term cooperative action to address climate change** - The COP decided to launch «a comprehensive process to enable the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to -and beyond- 2012, in order to adopt a decision at COP 15, in 2009». The process shall address «enhanced national/international action on mitigation» as well as enhanced action on adaptation, technology development and transfer, and provision of financial resources and investment. The decision contains detailed lists of issues to be considered under each of these topics.

- o Enhanced action on mitigation includes, *inter alia*, consideration of:
 - measurable, reportable and verifiable nationally appropriate mitigation commitments or actions, including quantified emission limitation and reduction objectives by all developed countries, taking into account differences in their national circumstances; and
 - nationally appropriate mitigation actions by developing countries in the context of sustainable development, supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable manner.
- o On adaptation, the COP decided to address a range of issues, including international cooperation to support urgent implementation of various adaptation actions, taking into account the immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, especially LDCs, SIDS and African countries.



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- o On technology development and transfer, the COP decided to consider effective mechanisms and enhanced means for the removal of obstacles to financial and other incentives for the scaling up of technology development and transfer.
- o Regarding financing, the COP decided to consider improved access to adequate, predictable and sustainable resources and support, and the provision of new and additional resources, including official and concessional funding. It also decided to consider positive incentives and innovative means of funding, as well as mobilization of public and private sector funding and investment, and support for capacity building in the assessment of adaptation costs.

- ❖ **Review of the Protocol Pursuant to Article 9: Scope and Content** - Developed countries supported a comprehensive review of the protocol and its effectiveness in fulfilling the ultimate objective of the Convention, while developing countries supported a review of implementation of the Protocol. Agreement was reached on reviewing implementation, such as adaptation, the CDM, the IPCC AR4, effectiveness, implementation, CCS, land use, land-use change and forestry (LULUCF) and emissions from deforestation, privileges and immunities, bunker fuels, clean energy sources incentives, capacity building, adaptation to response measures, and compliance. The review will aim to enhance implementation of the Protocol and further elaborate on a number of its elements, including adaptation.
- ❖ **Russian Proposal** - This issue relates to a proposal by the Russian Federation at COP/MOP 1 to develop procedures for the approval of voluntary commitments. India and Saudi Arabia opposed further consideration of the Russian proposal. In its conclusions the COP/MOP, *inter alia*: invited the Russian Federation to introduce relevant items of its proposal during the second review of the Protocol under Article 9 and in the *Ad Hoc* Working Group on Long-term Cooperative Action.

The COP accepted Poland's offer to host the COP 14 and COP/MOP 4 from 1-12 December 2008, in Poznan.

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based on Earth Negotiations Bulletin <enb@iisd.org>*