

SUMMARY OF THE THIRTEENTH CONFERENCE OF PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE AND THIRD MEETING OF PARTIES TO THE KYOTO PROTOCOL: 3-15 DECEMBER 2007

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 COP and COP/MOP were assisted in their work by the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI), which convened for their 27th sessions from 3-12 December. In addition, the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol met for its resumed fourth session (AWG 4) from 3-15 December. Numerous contact groups and informal discussions were also arranged to help negotiations move forward.

These meetings resulted in the adoption of 15 COP decisions and 13 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.

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. 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 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.

Negotiations on these issues were only completed on Saturday afternoon, 15 December, 24 hours after the conference’s scheduled conclusion, when ministers and other high-level officials agreed to a series of outcomes that together comprise the “Bali roadmap.” These decisions provide guidance and direction for a series of meetings over the next two years under

IN THIS ISSUE

A Brief History of the UNFCCC and Kyoto Protocol	2
Thirteenth Conference of the Parties to the UN Framework Convention on Climate Change	3
Third Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol	9
High-Level Segment	14
Bali Roadmap	15
Closing COP and COP/MOP Plenary	18
A Brief Analysis of COP 13 and COP/MOP 3	18
Upcoming Meetings	21
Glossary	22

This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Asheline Appleton, Peter Doran, Ph.D., María Gutiérrez, Ph.D., Kati Kulovesi, Miquel Muñoz, Ph.D., and Chris Spence. The Digital Editor is Leila Mead. 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 United Kingdom (through the Department for International Development – DFID), 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 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), the Italian Ministry for the Environment, Land and Sea, and the Swiss Federal Office for the Environment (FOEN). General Support for the *Bulletin* during 2007 is provided by the Norwegian Ministry of Foreign Affairs and the Ministry of Environment, the Government of Australia, the Austrian Federal Ministry of Agriculture, Forestry, Environment and Water Management, the Ministry of Environment of Sweden, the New Zealand Ministry of Foreign Affairs and Trade, 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 300 East 56th St. Apt 11A, New York, NY 10022, USA.

both the Convention and Protocol, with the aim of concluding a comprehensive framework for the post-2012 period at COP 15 and COP/MOP 5 in Copenhagen, Denmark, in 2009.

In parallel with the negotiations, a joint COP and COP/MOP high-level segment was held from 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/enbots/>. Numerous relevant social events and activities, as well as some protests and demonstrations, were organized outside the conference venue.

In Bali, parties to the Convention and the Protocol succeeded in honoring the call for a “breakthrough” that came from the UN Secretary-General’s climate change summit in September 2007. The Bali Conference launched far reaching negotiations with a clear deadline for the conclusion of an agreement on the post-2012 period. Bali was successful in delivering the expected mandate and building blocks for the post-2012 period – the Bali roadmap. Now it is up to everyone, negotiators, politicians, public opinion and media to play their respective parts – progress in negotiations, take action, keep up the pressure, and maintain vigilance – to ensure a successful outcome by 2009.

This report summarizes the discussions, decisions and conclusions based on the agendas of the COP, COP/MOP and the subsidiary bodies, with a separate section on the negotiations and outcomes under the Bali roadmap.

A BRIEF HISTORY OF THE UNFCCC AND KYOTO PROTOCOL

Climate change is considered 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. Scientists agree that rising 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 United Nations Framework Convention on Climate Change (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 192 parties.

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 in transition to a market economy to achieve quantified emission 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% below 1990 levels between 2008-2012 (the first commitment period), with specific targets varying from country to country. The Protocol also established three flexible mechanisms to assist Annex I parties in meeting their

national targets cost-effectively: an emissions trading system; joint implementation (JI) of emission reduction projects between Annex I parties; and the Clean Development Mechanism (CDM), which allows for emission 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 implement and measure their emission reductions. To date, the Kyoto Protocol has been ratified by 177 countries, including Annex I parties representing 63.7% of Annex I greenhouse gas emissions in 1990. The Kyoto Protocol entered into force on 16 February 2005.

BUENOS AIRES PLAN OF ACTION: In November 1998, COP 4 agreed on the process for finalizing the rules and operational details of the Protocol in a document known as the Buenos Aires Plan of Action (BAPA). The BAPA set COP 6 as the deadline for finalizing these 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 COP 6 was suspended until July 2001, when it reconvened in Bonn, Germany. After further talks, parties adopted the Bonn Agreements, a decision that provided high-level political direction on the implementation of the Kyoto Protocol. But 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 November 2001 at COP 7 in Marrakesh, Morocco, delegates reached agreement on the outstanding matters in the Marrakesh Accords. These Accords consisted of a package of draft decisions on many of the details of the Kyoto Protocol, including the flexible mechanisms, reporting and methodologies, land use, land-use change and forestry (LULUCF), and compliance. The Marrakesh Accords also addressed issues such as 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, elaborating on various technical rules and procedures. At COP 10 parties also agreed on two new agenda items focused on adaptation and mitigation, and began informal negotiations on the complex and sensitive issue of how parties might engage on commitments to combat climate change in the post-2012 period.

COP 11 AND COP/MOP 1: COP 11 and COP/MOP 1 took place in Montreal, Canada, from 28 November to 10 December 2005. COP/MOP 1 took decisions on the outstanding operational details of the Kyoto Protocol, and formally adopted the Marrakesh Accords. The meetings also engaged in negotiations on longer-term international cooperation on climate change. COP/MOP 1 addressed possible processes to discuss post-2012 commitments and decided to establish a new subsidiary body, the *Ad Hoc* Working Group on Further Commitments for Annex I parties under the Kyoto Protocol (AWG).

After lengthy negotiations, COP 11 also agreed to consider long-term cooperation under the UNFCCC “without prejudice to any future negotiations, commitments, process, framework or mandate under the Convention.” This would take place through a

series of four workshops constituting a “Dialogue” on the matter through to COP 13.

AWG AND CONVENTION DIALOGUE: The AWG and Convention Dialogue convened four times: at SB 24 (Bonn, Germany, May 2006); COP 12 and COP/MOP 2 (Nairobi, Kenya, November 2006); SB 26 (Bonn, May 2007); and the “Vienna Climate Change Talks” (Vienna, Austria, August 2007).

The AWG began by considering the focus of its future work. At its second session in November 2006, the AWG agreed on a work programme focusing on: mitigation potentials and ranges of emission reductions; possible means to achieve mitigation objectives; and consideration of further commitments by Annex I parties. At its third session in May 2007, the AWG adopted conclusions on the analysis of mitigation potentials and agreed to develop a timetable to complete its work so as to avoid a gap between the first and second commitment periods. The fourth session of the AWG started in Vienna in August 2007 and concluded in Bali during COP/MOP 3. In Vienna, delegates focused on mitigation potentials and possible ranges of emission reductions for Annex I parties. The AWG adopted conclusions referring to some key findings by Working Group III of the IPCC, including that global greenhouse gas emissions need to peak in the next ten to fifteen years and then be reduced to well below half of 2000 levels by the middle of the 21st century in order to stabilize greenhouse gas concentrations in the atmosphere at the lowest levels assessed by the IPCC. The AWG’s conclusions also recognize that to achieve the lowest stabilization level, Annex I parties as a group would be required to reduce emissions by a range of 25-40% below 1990 levels by 2020.

The Convention Dialogue workshops began with an initial exchange of views on the four thematic areas identified at COP 11: advancing development goals in a sustainable way; addressing action on adaptation; realizing the full potential of technology; and realizing the full potential of market-based opportunities. The second and third workshops involved an exchange of views on the four areas, while the fourth focused on bringing together ideas from the previous workshops and addressing overarching and cross-cutting issues, including financing. The final two workshops also considered the next steps after the Dialogue’s four scheduled meetings had come to an end.

As well as the AWG and Convention Dialogue, recent UNFCCC and Kyoto Protocol meetings have also addressed long-term issues in other settings, including a first review of the Protocol required under Article 9, and a proposal by the Russian Federation on “voluntary commitments.”

THIRTEENTH CONFERENCE OF THE PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE

COP 13 opened on Monday morning, 3 December. Delegates elected Rachmat Witoelar, Minister of Environment of Indonesia, as COP 13 President. President Witoelar urged delegates to begin negotiations on the future of the climate regime, noting broad support for agreeing on the agenda for negotiations in Bali and concluding talks in 2009. Dewa Made Bertha, Governor of Bali, warned about the dire effects of climate change on Bali.

Yvo de Boer, UNFCCC Executive Secretary, said the Bali conference had a huge responsibility to deliver concrete results.

He proposed first considering the right tools, followed by a focus on the type of instrument, and finally consideration of the instrument’s legal nature.

Australia, on behalf of the Umbrella Group (a loose coalition of non-European Union (EU) developed countries), called for a comprehensive global agreement including a long-term aspirational goal to which all can contribute. He proposed initiating a new process building on the Convention Dialogue, and looked forward to continuing discussions under the *Ad Hoc* Working Group (AWG) and the review under Protocol Article 9.

Pakistan, for the Group of 77 and China (G-77/China), emphasized an approach based on key principles stated in the Convention and Protocol and said advancing work under the AWG was an “absolute imperative.”

Noting that an increase of 2°C in global temperature would have devastating impacts on small island developing states (SIDS), Grenada, for the Alliance of Small Island States (AOSIS), stressed the need for a global comprehensive response within the UNFCCC framework and building on the Kyoto Protocol, leading to stabilization well below 445 ppm. Nigeria, for the African Group, urged developed countries to fulfill existing commitments.

Switzerland, for the Environmental Integrity Group, highlighted the IPCC’s Fourth Assessment Report (AR4) and called for urgent action. Maldives, for the Least Developed Countries (LDCs), highlighted the Adaptation Fund, suggesting application of the levy to other flexible mechanisms, not just the CDM, and to international maritime and air transport. Portugal, for the EU, said growth in global emissions must be halted in the next 10-15 years and urged a comprehensive global agreement by 2009.

ORGANIZATIONAL MATTERS

ADOPTION OF THE RULES OF PROCEDURE: Parties agreed to continue applying the draft rules of procedure with the exception of draft rule 42 on voting (FCCC/CP/1996/2).

ADOPTION OF THE AGENDA: Delegates adopted the COP agenda (FCCC/CP/2007/1), 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), which has been held in abeyance at every COP since COP 4. On the issue of the development and transfer of technologies, delegates approved a proposal by Pakistan, for the G-77/China, to refer the agenda item to both SBSTA and SBI for further consideration.

ELECTION OF THE BUREAU: On 15 December, the COP elected officers other than the President. The COP Vice-Presidents are: Mohammed Barkindo (Nigeria), Feturi Elisaia (Samoa), Christiana Figueres-Olsen (Costa Rica), Eric Mugurusi (Tanzania), Alexander Pankin (Russian Federation), Marina Shvangiradze (Georgia), and Traude Wollansky (Austria). Karen Nicole Smith (Barbados) was elected as COP Rapporteur. Bagher Asadi (Iran) was re-elected Chair of SBI, and Helen Plume (New Zealand) was elected as SBSTA Chair.

DATE AND VENUE OF COP 14 AND COP 15: The COP adopted a decision accepting Poland’s offer to host the COP 14 and COP/MOP 4 from 1-12 December 2008, in Poznan. The COP also adopted a decision accepting Denmark’s offer

to host COP 15 and COP/MOP 5 in Copenhagen from 30 November to 11 December 2009. The COP also requested the Executive Secretary to continue consultations with the Polish and Danish Governments with a view to finalizing Host Country Agreements (FCCC/SBI/2007/15/Add.1).

CREDENTIALS: Delegates also admitted the list of organizations as observers (FCCC/CP/2007/2) and the report on credentials submitted by parties (FCCC/CP/2007/5), and approved nominations for membership of the Expert Group on Technology Transfer (EGTT).

IPCC FOURTH ASSESSMENT REPORT

This agenda item was taken up in SBSTA plenary on 4 December, with Renate Christ, IPCC Secretary, presenting the main findings of the AR4. The COP was briefed on 7 December by Rajendra Pachauri, IPCC Chair, who also briefed ministers attending the high-level segment on 13 December.

In the opening SBSTA plenary, Indonesia, Malaysia and others highlighted the need for regional and local modeling. The EU, supported by Norway and Colombia, proposed requesting IPCC to prepare an updated report by mid-2009 with a view to informing COP 15. Jamaica called for more research on lower stabilization scenarios.

Discussions continued informally and in a contact group co-chaired by Ismail Elgizouli (Sudan) and Jean-Pascal van Ypersele (Belgium). These discussions covered issues such as: whether or not and when to hold a workshop with IPCC experts, whether to request an updated report from the IPCC before COP 15, and what consideration the UNFCCC should take of IPCC. The main point of contention was whether the COP should simply take note of the IPCC outcomes or whether it should respond in more detail, including whether to take action or follow up on these outcomes. After more than 20 hours of contact group and informal negotiations, agreement was reached on both SBSTA conclusions and a COP decision. The SBSTA adopted its conclusions on 11 December, and the COP adopted a decision on the AR4 on 15 December.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2007/L.20/Rev.1), SBSTA recognizes the importance of all Convention and Protocol relevant agenda items to be informed by AR4, requests the Secretariat to organize an in-session workshop, and agrees to conclude consideration of the AR4 at SBSTA 29.

COP Decision: In its decision (FCCC/SBSTA/2007/L.20/Add.1/Rev.1), the COP, *inter alia*: recognizes AR4 as the most authoritative assessment of climate change; urges 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 invites the IPCC to provide timely information to parties.

REVIEW OF IMPLEMENTATION OF COMMITMENTS AND OTHER PROVISIONS OF THE CONVENTION

Under this agenda item, the COP considered the financial mechanism, national communications, technology transfer, capacity building, and implementation of decision 1/CP.10 (Buenos Aires Programme of Work on Adaptation and Response Measures).

FINANCIAL MECHANISM: This agenda item, which included sub-items on the fourth review of the financial mechanism (FCCC/SBI/2007/21) and on the report of, and guidance to, the Global Environment Facility (GEF) (FCCC/CP/2007/3), was first considered in SBI plenary on 4 December. These issues were then taken up in a contact group chaired by Tina Guthrie (Canada) and Bubu Pateh Jallow (Gambia) and in informal consultations. The issue of guidance to the GEF was also considered during separate consultations held under the agenda item on non-Annex I communications, which adopted SBI conclusions that contributed to the COP decision on the GEF (see section on non-Annex I communications on page 5 for more information).

In the consultations on the GEF, agreement was reached on a draft COP decision on 11 December, and this text was subsequently adopted by the COP on 14 December.

COP Decision (Financial Mechanism): The decision on the financial mechanism (FCCC/SBI/2007/L.34/Add.1) contains a section on the fourth review of the financial mechanism and an annex comprising additional guidelines for the review of the financial mechanism setting out objectives and methodology. In the decision, the COP invites parties to submit to the Secretariat by 21 March 2008, their views on, *inter alia*: the report prepared by the UNFCCC Secretariat in collaboration with the 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. The COP requests the SBI to consider the submissions by parties at SBI 28 and recommend a draft decision for adoption by COP 14.

COP Decision (Additional Guidance): The decision on additional guidance to the GEF (FCCC/SBI/2007/L.35) requests the GEF to continue to, *inter alia*:

- enhance its country dialogues, ensuring transparency and timeliness of its communications with parties on changes undertaken in the GEF reform agenda;
- simplify and streamline the application of the incremental cost principle;
- improve access to GEF funds for those countries that are particularly vulnerable to the adverse effects of climate change; and
- ensure that financial resources are provided to meet the agreed full costs incurred by developing country parties in complying with their obligations relating to communicating information on implementation.

The COP also requests the GEF to continue to provide, as appropriate, financial resources to developing country parties, in particular LDCs and SIDS.

ANNEX I PARTIES' NATIONAL COMMUNICATIONS: Compilation and synthesis of fourth national communications:

This issue (FCCC/SBI/2007/INF.6 and Add. 1 and 2) was addressed by the SBI plenary on 4 December and in a contact group and informal consultations co-chaired by Sushma Gera (Canada) and Hongwei Yang (China). During the discussions, the G-77/China expressed concern over growing

emissions in Annex I parties and proposed including reference to emission trends and Annex I policies and measures. The EU, Japan, Canada and New Zealand preferred “straightforward” conclusions thanking the Secretariat. Parties also discussed the submission deadline for the fifth national communications. However, the discussions were not controversial and the SBI adopted short conclusions on 10 December, with the COP adopting the decision on 14 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2007/L.26), the SBI takes note of the compilation and synthesis of the fourth national communications.

COP Decision: In the decision (FCCC/SBI/2007/L.26 Add.1), the COP emphasizes that the national communications and annual greenhouse gas inventories are the main sources of information for reviewing the implementation of the Convention by Annex I parties. It welcomes the work of the Secretariat in compiling and synthesizing the information and urges such parties that have not yet submitted their fourth communications to do so as a matter of priority. It requests Annex I parties to submit their fifth national communications by 1 January 2010 and decides to consider the date for the sixth national communications at COP 15.

Report of national greenhouse gas inventory data for 1990-2005: On Tuesday, 4 December, the SBI plenary took note of the report (FCCC/SBI/2007/30).

Status report of the review of the fourth national communications: On Tuesday, 4 December, the SBI plenary took note of the report (FCCC/SBI/2007/INF.8).

NON-ANNEX I PARTIES' NATIONAL COMMUNICATIONS: Three issues were on the COP and SBI agendas relating to non-Annex I communications: the work of the Consultative Group of Experts (CGE), the provision of financial and technical support, and information contained in non-Annex I communications. As at previous meetings, the G-77/China objected to discussing the item on information contained in non-Annex I communications and the item was therefore held in abeyance and ultimately placed on the provisional agenda for consideration at SBI 28.

Consultative Group of Experts (CGE): This item (FCCC/SBI/2007/10/Add.1, FCCC/SBI/2007/20, 27 and 28, FCCC/SBI/2007/MISC.7) was taken up in SBI plenary on 4 December, in a contact group co-chaired by Kristin Tilley (Australia) and Arthur Rolle (Bahamas), and in a series of informal consultations.

Discussions focused on the new mandate for the CGE. The US and other Umbrella Group countries stressed the need for a new and different mandate. The US, supported by others, also proposed that CGE be mandated to examine non-Annex I national communications. Brazil, for the G-77/China, opposed this and any attempted linkage with the agenda item on the review of non-Annex I communications that was being held in abeyance. No agreement was reached by the time the SBI closing plenary was held on 11 December, when Canada, the EU and the G-77/China expressed disappointment at the outcome. Informal consultations on this issue continued until 14 December but no agreement was reached. The COP took note of the outcome in its closing plenary.

SBI Conclusions: In its conclusions (FCCC/SBI/2007/L.33), the SBI indicates that it was unable to agree on the mandate and

revised terms of reference of the CGE and agrees to continue the deliberations at SBI 28 with a view to recommending a decision for COP 14.

Financial and technical support: This item (FCCC/SBI/2007/INF.9 and FCCC/SBI/2007/MISC.13 & Add.1) was taken up in SBI plenary on 4 December. It was then considered in a contact group and informal consultations co-chaired by Kristin Tilley (Australia) and Arthur Rolle (Bahamas). During the discussions, the G-77/China and AOSIS opposed applying the GEF's Resource Allocation Framework to non-Annex I communications and stressed full-cost funding and the lack of COP guidance. As a result, parties decided to give guidance to the GEF on the matter. SBI conclusions were adopted on 11 December, and were subsequently incorporated into a COP decision on additional guidance to the GEF (FCCC/SBI/2007/L.35 – see section on the Financial Mechanism on page 4).

SBI Conclusions: In its conclusions, (FCCC/SBI/2007/L.32), the SBI recommends that the COP 13 request 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: This agenda item was taken up in the COP plenary on Monday, 3 December, and subsequently by both SBSTA and SBI (FCCC/SBSTA/2007/11, 13 & Add.1, FCCC/CP/2007/3, FCCC/SBSTA/2007/4). It was also addressed at a high-level roundtable on international technology cooperation held on 12 December (for more information, see: <http://www.iisd.ca/vol12/enb12352e.html>). The COP agreed to a proposal from the G-77/China to consider technology transfer under both the SBSTA and SBI agendas.

Two separate contact groups were established, one under SBSTA, co-chaired by Carlos Fuller (Belize) and Kunihiko Shimada (Japan), and one under SBI, co-chaired by Jukka Uosukainen (Finland) and Philip Gwage (Uganda). Neither SBSTA nor SBI reached agreement on conclusions, and the issue was considered again by the COP, which finalized conclusions and two draft decisions, one relating to SBI and one relating to SBSTA.

Discussions on technology transfer revolved around three issues: institutional arrangements, performance indicators, and financing. On institutional arrangements, developed parties sought to extend the mandate of the EGTT, while the G-77/China preferred a new body under the Convention. After some discussion, agreement was reached to reconstitute the EGTT for a further five years, with the capacity to report to both SBSTA and SBI.

Discussion of performance indicators had initially originated from a G-77/China proposal seeking a set of indicators to monitor and assess implementation and effectiveness of the technology transfer framework. Delegates agreed that the EGTT would develop indicators that would be used by SBI.

On financing, the G-77/China wanted a new funding mechanism under the Convention. The US proposed a facility or programme under the GEF instead. Final agreement was reached on a “strategic” programme under the GEF. A list of activities to be considered for additional funding was also agreed. The

conclusions and decision were adopted by the COP on 14 December.

COP Conclusions: In the conclusions (FCCC/CP/2007/L.3), the COP requests the Secretariat to implement a regional training programme followed by regional training workshops in 2008 and 2009, organize a meeting on technologies for adaptation, update the UNDP handbook on conducting technology needs assessments (TNAs), and organize a special meeting of the EGTT promptly.

COP Decision (SBSTA): In its decision (FCCC/CP/2007/L.4), the COP adopts a set of actions and agrees to reconstitute the EGTT. The decision has two annexes, one containing a set of actions and one with the terms of reference of the EGTT. The actions identified refer to 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 EGTT develop a two-year rolling programme of work for endorsement at SBSTA 28, including plans for 2008-2012 and the post-2012 period.

COP Decision (SBI): In its decision (FCCC/CP/2007/L.2), the COP, *inter alia*: agrees that the EGTT shall make recommendations to the subsidiary bodies; identifies 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; requests the GEF to elaborate a strategic programme to scale up the level of investment for technology transfer; requests the EGTT to elaborate a set of performance indicators to be used by SBI; and agrees that TNAs will continue under the Convention.

CAPACITY BUILDING UNDER THE CONVENTION:

Capacity building in developing countries: This item was referred by the COP to the SBI, which considered the issue on 4 December (FCCC/SBI/2007/25 and MISC.8). The matter was then referred to a contact group chaired by Helmut Hojesky (Austria) and Crispin D'Auvergne (Saint Lucia). The group did not make progress, with divisions between the G-77/China, which sought a COP decision, and the EU and other Annex I parties, which argued that SBI conclusions would suffice at this meeting. With no adopted outcome, the SBI agreed in its closing plenary on 11 December to place the issue on the provisional agenda for SBI 28. However, subsequent consultations undertaken by ministers during the high-level segment resulted in draft conclusions being approved by the COP on 14 December.

COP Conclusions: In the conclusions (FCCC/CP/2007/L.5), the COP invites submissions on monitoring and evaluation of capacity building at the national level by 15 August 2008, for consideration at SBI 29. It requests the Secretariat to prepare a technical paper on the subject and to hold a workshop, subject to availability of resources, on performance indicators for monitoring and evaluating capacity building at the national level, prior to COP 14 and SBI 29. It notes the initiation of a second comprehensive review of the implementation of the capacity-building framework at SBI 28 and reiterates the need for the GEF to continue providing financial and technical support, requesting information on these activities to be provided by the

GEF "in a more systematic and structured manner." The COP also notes the need for enhanced activities by relevant UN, multilateral and bilateral organizations.

Capacity building in countries with economies in transition: This item was referred by the COP to the SBI, which considered the issue on 4 December (FCCC/SBI/2007/15). The matter was then referred to a contact group chaired by Helmut Hojesky (Austria) and Vlad Trusca (Romania). The group developed short draft conclusions that were adopted by the SBI on 11 December. The COP took note of the conclusions on 14 December.

SBI Conclusions: In the conclusions (FCCC/SBI/2007/L.27), SBI notes that countries with economies in transition still need support with regard to capacity building, and encourages entities in a position to do so, including the GEF, industrialized countries, and multilateral and bilateral agencies, to continue to provide such support. The SBI also invites submissions on these activities by February 2012, for review at SBI 36.

PROGRESS ON THE IMPLEMENTATION OF DECISION 1/CP.10 (BUENOS AIRES PROGRAMME OF WORK ON ADAPTATION AND RESPONSE MEASURES):

This issue was first addressed in SBI plenary on 4 December, and subsequently in contact group and informal meetings co-chaired by Shayleen Thompson (Australia) and Philip Gwage (Uganda). In light of a number of expert meetings and regional workshops mandated by COP 10, parties were to consider possible elements for further action in the area of adverse effects of climate change and the area of impacts of implementing response measures.

SBI Chair Bagher Asadi presented text based on elements identified during SBI 26 discussions. While the US, Canada, the EU and others accepted the text as a good basis for discussion, the G-77/China felt it needed more details on implementation. However, the G-77/China did not have a common position on the issue and could not propose alternative text. Parties exchanged views on broad elements of adverse effects identified by G-77/China, and agreed to continue to consider further action under the two areas during an informal pre-session meeting prior to and during SBI 28 in June 2008, with a view to identifying activities that would facilitate the implementation of adaptation and address the impact of the implementation of response measures. South Africa, the EU and others supported having the pre-session meeting jointly convened by the SBSTA and SBI Chairs. However, the US opposed this, and delegates ultimately agreed that the meeting would be convened just by the SBI Chair.

SBI Conclusions: In its conclusions (FCCC/SBI/2007/L.31), SBI lists areas under which possible elements for further action may be included with regard to the adverse effects of climate change and to the impacts of response measures. The SBI also: requests its Chair to convene an informal pre-session meeting in conjunction with SBI 28 to consider further actions; invites parties to submit their views on the status of implementation as an input into the consideration of terms of reference for the assessment of implementation; and agrees to continue its deliberations at SBI 28 with a view to considering

what further actions may be required by COP 14 to further the implementation of decision 1/CP.10.

Least Developed Countries: This sub-item was referred by the COP to the SBI, which considered the issue on 4 December (FCCC/SBI/2007/31 and 32). A number of parties spoke in favor of extending the mandate of the LDC Expert Group, and a contact group was established under Michelle Campbell (Australia) and Amjad Abdulla (Maldives). In the group, delegates agreed to extend the mandate of the LDC Expert Group, and developed short draft SBI conclusions and a COP decision. The conclusions were adopted by the SBI on 11 December, and the COP adopted the decision on 14 December.

SBI Conclusions: In the conclusions (FCCC/SBI/2007/L.24), SBI welcomes the 26 National Adaptation Programmes of Action submitted by 4 December 2007, and encourages those parties that have not yet done so to submit their programmes in a timely manner.

COP Decision: In its decision (FCCC/SBI/2007/L.24/Add.1), the COP decides to extend the mandate of the LDC Expert Group, with a review at COP 16. The COP also requests the Group to develop a work programme for consideration at SBI 28.

REDUCING EMISSIONS FROM DEFORESTATION IN DEVELOPING COUNTRIES

This issue was first addressed in the SBSTA plenary on 4 December, and subsequently in numerous contact group and informal meetings co-chaired by Audun Rosland (Norway) and Hernán Carlino (Argentina). Parties considered draft text forwarded by SBSTA 26. Discussion centered mainly on the inclusion of conservation and enhancement of forest carbon stocks, as proposed by India, Bhutan and others and opposed by Brazil, the EU and others; and on consideration of deforestation in the context of discussions on long-term cooperative action under the UNFCCC. Parties also discussed: how to refer to a pilot phase; an indicative list of modalities or guidance; whether to include sub-national approaches in addition to national ones (as proposed by Colombia); references to early action in relation to discussions on the future climate change regime (as suggested by Papua New Guinea); and reference to Annex II parties in a paragraph inviting parties to mobilize resources (as supported by many parties and opposed by Japan).

On the question of action encouraged by the COP, parties agreed to an annex with indicative guidance, as proposed by the EU and modified by the US and others, and to “demonstration activities” instead of a pilot phase, as preferred by Brazil. Parties also agreed to a reference to enhancing forest carbon stocks due to sustainable management of forests in a paragraph encouraging parties to explore a range of actions to address the drivers of deforestation. Consideration of the issue in the context of discussions on long-term cooperative action remained bracketed until the decision on that matter was adopted, and was resolved with inclusion of a reference to policy approaches and positive incentives on issues relating to emissions from deforestation and forest degradation in developing countries, and consideration of the role of conservation, sustainable forest management and enhancement of forest carbon stocks in developing countries, in the decision on long-term cooperative action (see page 15).

COP Decision: In its decision (FCCC/SBSTA/2007/L.23/Add.1/Rev.1), the COP, *inter alia*:

- affirms the urgent need to take further meaningful action to reduce emissions from deforestation and forest degradation in developing countries;
- encourages 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”;
- requests the SBSTA to undertake a programme 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
- notes 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.”

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS

Under this agenda item, the COP considered the budget performance for 2006-2007 and the programme budget for 2008-2009.

BUDGET PERFORMANCE FOR 2006-2007: On 4 December, the Secretariat reported to the SBI on the budget performance for the UNFCCC and Kyoto Protocol for the biennium 2006-2007 (FCCC/SBI/2007/19 and INF.11). Regarding income and expenditure, the Secretariat noted the impact of the declining value of the US dollar. On 11 December, the SBI adopted a draft COP decision on budget performance for biennium 2006-2007 and on continuing review of the functions and operations of the Secretariat, which was adopted by the COP on 14 December.

COP Decision: In its decision (FCCC/SBI/2007/L.23/Add.1) the COP: calls on parties that have not paid their contributions to the core budget to do so expeditiously; expresses appreciation to parties that have paid their contributions to the core budget; encourages parties to increase their efforts to contribute to the Trust Fund for Participation in the UNFCCC process and to the Trust Fund for Supplementary Activities; and reiterates its appreciation to the Government of Germany for its annual voluntary contribution to the core budget of €766,938 and its special contribution of €1,789,522 as host government to the Secretariat. Regarding continuing review of the functions and operations of the Secretariat, the COP notes information relating to the functions and operations of the Secretariat and agrees that the SBI 29 should consider this matter.

PROGRAMME BUDGET FOR 2008-2009: This draft decision was forwarded to COP 13 following its consideration by SBI 26 in May 2007. The decision was adopted by the COP on 14 December.

COP Decision: In its decision (FCCC/SBI/2007/15/Add.1), the COP approves the programme budget for the biennium 2008-2009 submitted by the Executive Secretary, amounting to US\$54,031,584, approves a drawing of US\$2 million from the unspent balances or contributions from previous financial periods

to cover part of the 2008-2009 budget; and invites COP/MOP 3 to endorse the elements of the recommended budget as it applies to the Kyoto Protocol.

REPORTS OF THE SUBSIDIARY BODIES

On 14 December, the COP adopted the reports of the twenty-seventh sessions of the SBSTA (FCCC/SBSTA/2007/L.11) and SBI (FCCC/SBI/2007/L.19). These reports include numerous items that were subsequently taken up by the COP and/or COP/MOP. However, there were also several items on which conclusions were adopted that were not directly addressed by the COP. This section provides details on Convention-related issues taken up in the reports of the SBSTA and SBI that were not included on the COP's agenda.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE: Issues addressed by SBSTA 27 related to the UNFCCC included the Nairobi work programme on impacts, vulnerability and adaptation; the technical and socioeconomic aspects of mitigation; and emissions from fuel used for international aviation and maritime transport; and research and systematic observation.

Nairobi Work Programme (NWP): This issue was addressed in SBSTA plenary on 4 December, and in contact group and informal meetings co-chaired by Helen Plume (New Zealand) and Clifford Mahlung (Jamaica).

Parties considered progress reports on the first year of implementation of the NWP, with discussion focusing on the NWP's catalytic role in enhancing adaptation activities, the importance of involving experts in the NWP's work, and addressing IPCC findings for the further implementation of the NWP. Parties also considered the possible need for a group of experts and the role this group could have in the implementation and further development of the NWP. The G-77/China, supported by some SIDS and others, supported establishing a group of experts, however the EU, US and others questioned the added value of such a group. Japan suggested considering the matter at COP 16. Unable to agree on this matter, parties decided to postpone a decision until SBSTA 29, when the initial activities of the NWP will be considered and further activities identified.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2007/L.17), SBSTA, *inter alia*: invites parties to update the UNFCCC roster of experts to ensure all areas of expertise relevant to adaptation are represented; and requests the Secretariat to prepare a report on lessons learned in involving experts in the NWP and to consider the possible need for a group of experts at SBSTA 29.

Mitigation: This issue was first addressed by the SBSTA in a plenary session on 4 December, when Saudi Arabia and the US noted linkages to other agenda items under the COP and COP/MOP. The issue was referred to informal consultations facilitated by Greg Picker (Australia), with participants negotiating draft SBSTA conclusions. The discussions on the text proved relatively straightforward, although there were some initial differences of opinion over whether to include additional information on the further consideration of the issue in 2008, with the EU seeking more detailed text and other parties preferring a less detailed document. Delegates ultimately agreed to compromise language proposed by the facilitator. The short draft conclusions were adopted by the SBSTA on 11 December.

In addition to the negotiations on SBSTA conclusions, delegates also considered mitigation during an in-session workshop focused on the issue of non-CO2 emissions. The workshop, which was held as a result of a request by SBSTA 23, took place on 7 December (see: <http://www.iisd.ca/vol12/enb12348e.html>).

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2007/L.16), SBSTA notes the workshops held during SBSTA 24, 25 and 27, and the useful initial exchange of information and experiences. The SBSTA also notes that mitigation is being addressed by other bodies and processes under the Convention and Protocol, including agenda items on IPCC AR4, the AWG, and long-term cooperative action to address climate change under the Convention. Finally, the SBSTA agrees to continue consideration of this subject at SBSTA 28, and invites parties to submit their views on possible future work under this item by 15 March 2008.

Emissions from fuel used for international aviation and maritime transport: This agenda item, also referred to as the "bunker fuels" issue, was taken up in SBSTA plenary on Tuesday, 4 December. The EU, Tuvalu, and Norway, opposed by Saudi Arabia, suggested a contact group on this issue. Norway briefed delegates on a recent technical workshop in Oslo (see <http://www.iisd.ca/YMB/sdosl>). SBSTA Chair Krishan Kumarsingh conducted brief informal consultations on this issue together with consultations on the agenda item on Protocol Article 2.3 (adverse effects of policies and measures), which was also the subject of a dispute among similar groups of parties (see the discussion on Article 2.3 on page 13). However, no progress was made on either issue, and the item will be included on the provisional agenda of SBSTA 28.

Technical review of greenhouse gas inventories from Annex I parties: The SBSTA first took up this issue on 4 December (FCCC/SBSTA/2007/INF.4). It was then the subject of informal consultations facilitated by Anke Herold (European Community) and Nagmeldin Elhassan (Sudan). These consultations resulted in agreement on short draft SBSTA conclusions, which were adopted by the SBSTA on 11 December.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2007/L.12), SBSTA notes that the review activities contribute to improvements in the effectiveness of the review process and review experts, the quality of Annex I parties' inventories, and the reliability of information available to the COP. The SBSTA strongly encourages parties that have not done so to nominate experts to the roster of experts, and notes the importance of the training programme for new experts. The SBSTA also notes with concern the high volume of work in 2008 on reviews relating to national communications and inventories.

Greenhouse gas data interface: The SBSTA considered the greenhouse gas data interface, a web-based source of information on greenhouse gas inventories, on 4 December (FCCC/SBSTA/2007/MISC.4 and Add.1). The issue was then the subject of informal consultations facilitated by Len Brown (New Zealand). These consultations resulted in agreement on short draft SBSTA conclusions, which were adopted by the SBSTA on 11 December.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2007/L.12), the SBSTA invites parties in a position to do so to provide resources for support and maintenance of the interface. It requests the Secretariat to develop, by June 2008, a separate section with total national emissions data for the base year under the Protocol for Annex I parties to the Protocol. Finally, the SBSTA agrees to consider at SBSTA 29 the further development of the interface with a view to determining further steps, including the possibility of including information relating to the Protocol.

Research and systematic observation: This issue was first taken up by SBSTA on 4 December, when the Secretariat introduced relevant documents (FCCC/SBSTA/2007/MISC.6, 26 and 27) and delegates heard presentations from the Global Climate Observing System (GCOS) and Global Terrestrial Observing System (GTOS). The matter was subsequently addressed during informal consultations facilitated by Stefan Rösner (Germany) and David Lesolle (Botswana). The SBSTA adopted conclusions and a draft COP decision on 11 December. The decision was formally adopted by the COP on 14 December.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2007/L.14), SBSTA invites parties to submit additional information on national activities relating to the GCOS implementation plan by 15 September 2008, and requests the GCOS Secretariat to provide a comprehensive report on progress with the plan by SBSTA 30 (June 2009). It expresses concern that regional actions plans under the GCOS regional workshop programme remain largely unimplemented, and encourages international organizations and development partners to provide further technical and financial support.

The SBSTA invites the Committee on Earth Observation Satellites (CEOS) to provide an update on progress by SBSTA 29.

COP Decision: In this decision (FCCC/SBSTA/2007/L.14/Add.1), the COP adopts revised UNFCCC reporting guidelines on GCOS contained in an annex, decides that these guidelines should take effect immediately for the preparation of detailed technical reports, requests Annex I parties to continue providing such reports in conjunction with their national communications, and invites non-Annex I parties to provide such reports on a voluntary basis. The annex sets out the revised guidelines with sections on objective and structure, and detailed guidance on reporting.

SUBSIDIARY BODY FOR IMPLEMENTATION:

Education, training and public awareness: SBI 27 considered education, training and public awareness (Convention Article 6) in its opening session on 4 December. The EU, the Gambia, Japan, Iran, Senegal, Kenya and others stressed the need for a follow-up to the New Delhi work programme on Article 6, since the programme had to be reviewed in 2007. The issue was referred to a contact group chaired by Marie Jaudet (France) and Qingchen Chao (China), which developed brief draft conclusions and a draft COP decision on an amended New Delhi work programme with a mandate extended by five years. The SBI adopted the conclusions on 11 December, and the COP adopted the decision on 14 December. A UN representative noted that the UN will be working towards becoming carbon neutral.

SBI Conclusions: In the conclusions (FCCC/SBI/2007/L.29), SBI notes with appreciation the programmes developed by parties in planning and implementing activities relating to Article 6 in accordance with the New Delhi work programme. It notes that the prototype information network clearinghouse, CC:iNet, is an important tool for promoting implementation of Article 6, and acknowledges that lack of financial and technical resources is a major impediment for non-Annex I parties in their attempt to implement Article 6 adequately, and particularly for LDCs and SIDS. The SBI also notes the work of UNEP on Article 6, and the need for continued support from the GEF and other donors.

COP Decision: In this decision (FCCC/SBI/2007/L.29/Add.1), the COP adopts the amended New Delhi work programme, as contained in an annex, and extends the programme for five years, with an intermediate review of progress in 2010, and a review of the programme in 2012. The annex contains general observations on Article 6, as well as sections on purposes and guiding principles, scope of the amended programme, and implementation, including the role of various stakeholders.

THIRD CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE KYOTO PROTOCOL

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.

ORGANIZATIONAL MATTERS

Delegates adopted the agenda during COP/MOP 3's opening plenary on 3 December (FCCC/KP/CMP/2007/1). Parties also approved nominations for membership of the CDM Executive Board, the Joint Implementation Supervisory Committee (JISC), Compliance Committee, and Adaptation Fund.

CLEAN DEVELOPMENT MECHANISM

With regard to the Kyoto Protocol's CDM, parties considered several issues: the report of the CDM Executive Board; the implications of the establishment of new HCFC-22 facilities seeking to obtain Certified Emission Reductions (CERs) for the destruction of HFC-23; the implications of possible changes to the limit for small-scale afforestation and reforestation CDM activities; and carbon dioxide capture and storage (CCS) as a CDM project activity.

REPORT OF THE CDM EXECUTIVE BOARD: This issue was first taken up by COP/MOP plenary on 5 December, when CDM Executive Board Chair Hans Jürgen Stehr presented the Board's annual report (FCCC/KP/CMP/2007/3). Issues related to the CDM and guidance to the Board were then taken up in informal consultations and a contact group co-chaired by Georg Børsting (Norway) and John Kilani (Qatar). The COP/MOP adopted the decision on 14 December.

On governance, several Annex I and non-Annex I countries suggested further improvements. China and others urged the Executive Board to focus on its supervisory role, simplify CDM procedures and improve the review process for individual projects. Switzerland, Colombia, India and others emphasized the need for transparency.

Switzerland, for the Environmental Integrity Group and supported by the International Emissions Trading Association (IETA), proposed an assessment of the CDM by COP/MOP 4. He elaborated that the assessment would cover the main actors, including the Executive Board and its panels, Designated Operational Entities (DOEs) and Designated National Authorities. Several parties, including the EU and the G-77/China, were initially open to the proposal. Colombia, Argentina and others also raised issues relevant to the post-2012 period, with Argentina proposing sectoral CDM. Several parties, however, preferred considering the broader issues in the context of the future action tracks and the final text contains no reference to the post-2012 period.

Discussions also addressed methodological issues, geographical distribution and capacity-building needs.

COP/MOP Decision: The COP/MOP decision (FCCC/KP/CMP/2007/L.3) contains sections on general issues, governance, methodologies and additionality, regional distribution and capacity building, and resources for work.

Under governance, the COP/MOP encourages the 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.”

The COP/MOP also requests the Board to promote the quality of validation and verification work and improve the substantiation of its decisions.

The decision addresses several methodological issues, including encouraging 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 contains several paragraphs on capacity building and equitable distribution of CDM projects. The COP/MOP recognizes barriers to regional distribution and the need to address them and abolishes the CDM levy and registration fee for projects in LDCs.

HCFC-22/HFC-23: This issue was taken up in SBSTA plenary on 4 December, and in informal meetings, co-chaired by Klaus Radunsky (Austria) and Marcela Main (Chile). It concerns the implications of crediting emission reductions for the destruction of HFC-23 under the CDM in new HCFC-22 facilities and, in so doing, providing a perverse incentive for the increased production of HCFC-22, an ozone-depleting substance regulated under the Montreal Protocol. While countries agree that the CDM should not promote increased production of these gases, and the Montreal Protocol recently agreed on the accelerated phase-out of HCFCs, no consensus was reached on how to address the problem under the CDM. China and a few others, opposed by Brazil, Argentina and others, supported

crediting HFC-23 destruction at new facilities. Parties agreed to continue discussions at SBSTA 28.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2007/L.13), the SBSTA, *inter alia*, notes that the COP/MOP recognizes that issuing CERs for the destruction of HFC-23 at new HCFC-22 facilities could lead to higher global production of HCFC-22 and/or HFC-23, and that the CDM should not lead to such increases; and agrees to continue its consideration of the issue at SBSTA 28.

CHANGES IN THE LIMIT FOR SMALL-SCALE AFFORESTATION AND REFORESTATION CDM PROJECT ACTIVITIES:

This issue was taken up in the SBSTA plenary on 4 December, and in informal meetings, co-chaired by Klaus Radunsky (Austria) and Marcela Main (Chile).

Several Latin American and African countries, opposed by Brazil, China and others, were of the view that the lack of small-scale sinks projects registered under the CDM was partly due to the limit, currently set at projects that result in net greenhouse gas removals of less than 8 kilotonnes (kt) of CO₂/year. Bolivia therefore called for increasing the limit to 48 kt of CO₂/year, and several Latin American and African countries proposed 32 kt of CO₂/year. Brazil supported a maximum of 12 kt of CO₂/year. Parties finally settled for increasing the limit to 16 kt of CO₂/year.

COP/MOP Decision: In its decision, (FCCC/SBSTA/2007/L.18/Add.1), the COP/MOP decides 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: This agenda item (FCCC/SBSTA/2007/MISC.18 and Adds.1-2) was taken up in the SBSTA plenary on 4 December, and subsequently in contact group and informal discussions co-chaired by Marcela Main and Klaus Radunsky. Discussions focused on such issues as the process towards reaching a decision at COP/MOP 4; the holding of an intersessional workshop; 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 adopted conclusions on 11 December.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2007/L.19), SBSTA, *inter alia*: requests the Secretariat to prepare a synthesis report of previous submissions for consideration at SBSTA 28; invites submissions by parties; and requests the Secretariat to prepare another report to be considered by SBSTA 29, reflecting informal discussions at SBSTA 27 and further submissions.

JOINT IMPLEMENTATION

This issue was taken up by the COP/MOP plenary on 5 December, when JISC Chair Fatou Gaye presented the Committee's annual report (FCCC/KP/CMP/2007/4). It was then taken up in a contact group and informal consultations co-chaired by József Feiler (Hungary) and William Agyemang-Bonsu (Ghana). Delegates considered various issues, including the management plan of the JISC, resource issues, fees to cover

administrative expenses, and guidance to the Secretariat on issues related to JI Track 1. The COP/MOP adopted a decision on 14 December.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2007/L.2), the COP/MOP requests the Secretariat to develop a web-based interface to establish an overview of all JI projects, provide information to the International Transaction Log and receive project identifiers for JI projects. It encourages the JISC to enhance its interaction with accredited independent entities, designated focal points and other stakeholders and to further emphasize its executive and supervisory role. The COP/MOP endorses the revision of the fee structure.

COMPLIANCE COMMITTEE

This issue was considered by the COP/MOP plenary on 5 December when Compliance Committee Chair Raul Estrada Oyuela presented the Committee's annual report (FCCC/KP/CMP/2007/6). It was then taken up in a contact group and informal consultations co-chaired by Denis Langlois (Canada) and Eric Mugurusi (Tanzania). The COP/MOP adopted a short decision on 14 December.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2007/L.4), the COP/MOP expresses concern that not all Annex I parties have submitted their fourth national communication and the supplementary information under Protocol Article 7.2. It also requests information from the Secretariat on the consequences of funding travel expenses for all the Committee's members and alternate members.

PROPOSAL TO AMEND THE PROTOCOL IN RELATION TO COMPLIANCE

This issue was considered by the COP/MOP plenary on 5 December, and during informal consultations by SBI Chair Asadi. The item relates to Protocol Article 18, which provides that a compliance mechanism "entailing binding consequences" must be adopted as an amendment to the Protocol, and to a proposal by Saudi Arabia at COP/MOP 1 to adopt such an amendment. SBI Chair Asadi reported that no agreement was reached during his informal consultations and parties agreed to include the item on the provisional agenda of SBI 28.

INTERNATIONAL TRANSACTION LOG

On 3 December, the COP/MOP decided to refer this issue to SBI 27, which considered it briefly in plenary on 5 December (FCCC/KP/CMP/2007/5), before requesting Shuang Zheng (China) to facilitate informal consultations. These consultations resulted in SBI conclusions, which were adopted by the SBI on 11 December.

SBI Conclusions: In the conclusions (FCCC/SBI/2007/L.21), SBI urges 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.

ANNEX I NATIONAL COMMUNICATIONS

The agenda item on Annex I national communications under the Kyoto Protocol covered three main issues: demonstrable progress by Annex I parties in achieving commitments under the Protocol, compilation and synthesis of supplementary information in the fourth national communications under

Protocol Article 7.2 (supplementary information necessary to demonstrate compliance); and a review of initial reports and supplementary information under Protocol Article 7.2.

DEMONSTRABLE PROGRESS BY ANNEX I PARTIES IN ACHIEVING COMMITMENTS UNDER THE PROTOCOL: This issue was discussed and resolved at SBI 26, held in May 2007. It relates to reports by Annex I parties to demonstrate that they have made progress, by 2005, in achieving their commitments under the Protocol, as required under Protocol Article 3.2. The COP/MOP adopted the decision forwarded by SBI 26 on 14 December.

COP/MOP Decision: In the decision (FCCC/SBI/2007/L.15/Add.1), the COP/MOP acknowledges, *inter alia*: the decrease in Annex I aggregated greenhouse gas emissions, resulting mainly from a decrease in emissions from countries with economies in transition (EITs), while noting that emissions in some Annex I parties have increased from the base year; and that all EITs in Annex I and several other Annex I parties expect to meet their Kyoto targets with implemented policies and measures; others are elaborating and implementing additional policies and measures; and for others, further actions are needed to achieve their targets.

The decision calls on Annex I parties to continue and "where appropriate, intensify" their efforts to reduce greenhouse gas emissions and contains an annex with data on total Annex I emissions without LULUCF on a country-by-country basis.

COMPILATION AND SYNTHESIS OF SUPPLEMENTARY INFORMATION IN FOURTH NATIONAL COMMUNICATIONS UNDER PROTOCOL ARTICLE 7.2: This issue (FCCC/SBI/2007/INF.7) was

considered by SBI plenary on 5 December and in a contact group and informal consultations co-chaired by Sushma Gera (Canada) and Hongwei Yang (China). SBI adopted conclusions on 10 December, with the COP/MOP adopting a decision on 14 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2007/L.25), the SBI took note of the information contained in the compilation and synthesis of the supplementary information submitted by Annex I parties under Protocol Article 7.2. It also notes that not all Annex I Protocol parties have provided all the information that addresses "*inter alia*, the concerns of developing country parties" and requests them to provide this information in their next national communications.

COP/MOP Decision: In the decision (FCCC/SBI/2007/L.25/Add.1), the COP/MOP concludes that the review of information under Protocol Article 7.2 has been useful and should continue in accordance with decisions 22/CMP.1 and 26/CMP.1. The COP/MOP requests Annex I Protocol parties to include in their fifth national communications the necessary supplementary information required under Protocol Article 7.2 and the guidelines annexed to decision 15/CMP.1

REVIEW OF INITIAL REPORTS AND SUPPLEMENTARY INFORMATION UNDER PROTOCOL ARTICLE 7.2: This issue (FCCC/SBI/2007/INF.10) was

considered by the SBI on 5 December, and in a contact group and informal consultations co-chaired by Anke Herold (Germany) and Nagmeldin Elhassan (Sudan). Discussions focused, *inter alia*, on the review of initial reports that Annex I

Protocol parties were required to submit in 2007. The SBI adopted the conclusions on 10 December.

SBI Conclusions: In its conclusions (FCCC/SBI/2007/L.22), the SBI acknowledges the commendable efforts by parties and experts, supported by the Secretariat, to conduct 36 reviews of the initial reports. It notes, however, that the review process needs further strengthening. The SBI also notes the importance of a training programme under the Protocol and the need for consistent implementation of technical guidance on adjustments. It also notes “with concern” the high volume of work in 2008.

CAPACITY BUILDING UNDER THE PROTOCOL

CAPACITY BUILDING IN DEVELOPING

COUNTRIES: This item was referred by the COP/MOP to the SBI, which considered the issue on 5 December (FCCC/SBI/2007/25 and MISC.8). The matter was then referred to a contact group co-chaired by Helmut Hojesky (Austria) and Crispin D’Auvergne (Saint Lucia). The group did not make progress, with differences between the G-77/China, which sought a COP/MOP decision, and a number of Annex I parties, which preferred SBI conclusions. With no outcome agreed, the SBI agreed in its closing plenary on 11 December to place the issue on its provisional agenda for SBI 28. However, as a result of subsequent consultations during the high-level segment (12-14 December), an agreement was reached and draft conclusions were approved by the COP/MOP on 14 December.

COP/MOP Conclusions: In the conclusions (FCCC/KP/CMP/2007/L.6), the COP/MOP invites submissions on monitoring and evaluation of capacity building at the national level by 15 August 2008, for consideration at SBI 29. It requests the Secretariat to prepare a technical paper on the subject. The COP/MOP requests parties to continue to assist non-Annex I parties, particularly LDCs and SIDS, to attract CDM projects, and notes the difficulties of attracting CDM projects in Africa.

CAPACITY BUILDING IN COUNTRIES WITH

ECONOMIES IN TRANSITION: The SBI considered this item in plenary on 4 December (FCCC/SBI/2007/18). The matter was then referred to a contact group co-chaired by Helmut Hojesky (Austria) and Vlad Trusca (Romania). The group developed short draft conclusions that were adopted by the SBI on 11 December.

SBI Conclusions: In the conclusions (FCCC/SBI/2007/L.28), the SBI notes the need to improve reporting activities and methodologies for estimating the effects of policies and measures and the particular interest of economies in transition in participating in joint implementation and emissions trading activities. It notes that these countries still need support, and invites submissions on capacity-building activities by February 2012, for review at SBI 36.

ADAPTATION FUND

The issue was introduced during SBI plenary on 4 December (FCCC/SBI/2007/14), when the Secretariat recalled that a decision had been taken at SBI 26 to refer a negotiating text, annexed to the SBI 26 report (FCCC/SBI/2007/15), for further deliberation. A contact group was formed, co-chaired by Jukka Uosukainen (Finland) and Osita Anaedu (Nigeria).

At COP/MOP 3, deliberations on the institutional arrangements for the Adaptation Fund (decision 5/CMP.2) were

completed following deliberations at previous SBI sessions. A decision was adopted to operationalize the Adaptation Fund for developing countries particularly vulnerable to the adverse effects of climate change. The role of the GEF was a key consideration for parties. During SBI plenary discussions on the fourth review of the financial mechanism, GEF CEO Monique Barbut noted that the GEF had become the largest funder of adaptation activities.

In a contact group on 5 December, the G-77/China stressed that the Fund must operate under the authority of the COP/MOP. Japan and the EU supported a role for the GEF, while China suggested that this role be temporary. The EU also submitted proposals that the entity consist of a governing body, a secretariat, and a trustee, with the World Bank filling the latter role.

Lengthy deliberations took place on whether the Adaptation Fund Board should “supervise” or “manage” the Fund with the final decision containing language on both. Delegates also discussed the composition of the Board, with consideration given to several variations to accommodate regional and special groups (SIDS and LDCs) and representation of Annex I and non-Annex I parties. As part of an agreement to invite the GEF to act as the secretariat, it was also decided to make this an interim arrangement that will be subject to periodic review. Subsequently, parties agreed to a new paragraph to ensure that funded projects would not be jeopardized in the event of any revision of institutional arrangements. Agreement was reached on a COP/MOP decision, which was adopted on Friday, 14 December. Following its adoption, the COP/MOP President Witoelar said the decision had been “well worth the wait” and its adoption marked a major step forward in addressing the critical issue of adapting to climate change.

COP/MOP Decision: In its decision (FCCC/SBI/2007/L.30), the COP/MOP determines that the operating entity shall consist of “the Adaptation Fund Board serviced by a secretariat and a trustee.” It establishes the Board to supervise and manage the Fund, under the authority and guidance of and fully accountable to the COP/MOP. It also sets out functions, including the development of strategic priorities, policies and guidelines, deciding on projects, and the development of rules of procedure. On composition, the COP/MOP decision sets out that the Board shall comprise 16 members representing parties to the Protocol, with two representatives from each of the five UN regional groups, one from SIDS, one from the LDCs, two non-Annex I parties, and two Annex I parties. Decision making is to be by consensus, and, in the event of no agreement, by two-thirds majority. The decision includes an invitation to the GEF to provide secretariat services to the Board on an interim basis, and an invitation to the World Bank to serve as a trustee on an interim basis. There is provision for a review of institutional arrangements after three years, at COP/MOP 6, and in the event of any revision, the COP/MOP will make any necessary arrangements to ensure that project activities already funded are not jeopardized.

ARTICLE 3.14

The issue of the adverse impacts of climate change and of response measures to climate change on developing countries under Protocol Article 3.14 was taken up in SBI plenary on 5

December. Japan and the EU stated that there was an overlap between this agenda item and the SBSTA item on Protocol Article 2.3 (adverse effects of policies and measures). However, Saudi Arabia insisted that these were two separate issues, and sought separate consideration of each issue. SBI Chair Asadi consulted informally on the issue. No agreement was reached on how to address this matter, and the issue will be included on the provisional agenda for SBI 28.

ARTICLE 2.3

This agenda item on Protocol Article 2.3 (adverse effects of policies and measures) was taken up in SBSTA plenary on 4 December. Saudi Arabia and Kuwait urged a contact group discussion, while the EU and Japan argued that there was an overlap with discussions on Protocol Article 3.14 (see section above). SBSTA Chair Kumarsingh conducted brief informal consultations on both Article 2.3 and the issue of “bunker fuels,” which was also the subject of a dispute among these parties (see “Emissions from fuel used for international aviation and maritime transport” on page 8). No progress was made on either issue, and the item on Article 2.3 will be included on the provisional agenda of SBSTA 28.

ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS

Discussions under this agenda item considered the budget performance for 2006-2007, the programme budget for 2008-2009, and the issue of privileges and immunities for individuals serving on constituted bodies under the Protocol.

BUDGET PERFORMANCE FOR 2006-2007: On 4 December, the Secretariat reported on the budget performance for the UNFCCC and Kyoto Protocol for the biennium 2006-2007 (FCCC/SBI/2007/19 and INF.11), noting that although most contributions had been received, only US\$900,000 of the required US\$2.5 million for the International Transaction Log fund had been received. Regarding income and expenditure, the Secretariat noted the impact of the declining value of the US dollar. On 11 December, the SBI adopted draft text on budget performance for biennium 2006-2007 and on continuing review of the functions and operations of the Secretariat, and this decision was adopted by plenary on 14 December.

COP/MOP Decision: In its decision (FCCC/SBI/2007/L.23/Add.2), the COP/MOP calls upon parties that have not paid their contributions to do so, expresses appreciation to parties for their contributions, and encourages parties to increase their efforts to contribute to the Trust Fund for Participation in the UNFCCC Process and to the Trust Fund for Supplementary Activities in the light of the increased work for which provisions are not made in the core budget.

PROGRAMME BUDGET FOR 2008-2009: This draft decision was forwarded to COP/MOP 3 following its consideration at SBI 26 in May 2007. The decision was adopted by the COP/MOP on 14 December.

COP/MOP Decision: In its decision (FCCC/SBI/2007/15/Add.1), the COP/MOP: endorses the decision on the programme budget for the biennium 2008-2009 as it applies to the Protocol; adopts the indicative scale of contributions for 2008 and 2009 to the annex of the decision covering 36.8% of the indicative contributions specified and takes note of the

financing requirements for the CDM and JI proposed by the CDM Executive Board and Joint Implementation Supervisory Committee. The COP/MOP also takes note of the resource requirements of activities relating to the International Transaction Log and recognizes the need for an interim measure in order to meet anticipated resource requirements.

PRIVILEGES AND IMMUNITIES: Parties took up this issue on 4 December, when the Secretariat outlined actions taken by the Executive Secretary to minimize the risks of disputes, complaints and claims against individuals serving on constituted bodies (FCCC/KP/CMP/2007/2 and FCCC/TP/2007/2). Paul Watkinson (France) chaired a contact group and held informal consultations. The EU maintained that any discussion on a legally-binding approach should occur within the context of post-2012 arrangements and could therefore potentially be considered under the Protocol Article 9 review process. On 11 December, SBI adopted a short text containing COP/MOP conclusions, which were adopted by COP/MOP on 14 December.

COP/MOP Conclusions: In its conclusions (FCCC/SBI/2007/L.20), the COP/MOP takes note of the need for an effective, legally sound and long-term solution to the issue of privileges and immunities for individuals serving on constituted bodies under the Protocol and agrees to address the issue in the context of the second review of the Kyoto Protocol pursuant to its Article 9.

REPORTS OF THE SUBSIDIARY BODIES

On 14 December, the COP/MOP adopted the reports of the twenty-seventh sessions of the SBSTA (FCCC/SBSTA/2007/L.11) and the SBI (FCCC/SBI/2007/L.19). These reports include numerous items that were subsequently taken up by the COP and/or COP/MOP. However, there was one methodological issue under the SBSTA, relating to land use, land-use change and forestry, that was not directly addressed under the COP/MOP’s agenda.

GOOD PRACTICE GUIDANCE FOR LAND USE, LAND-USE CHANGE AND FORESTRY (LULUCF)

UNDER PROTOCOL ARTICLE 3.3 AND 3.4: This issue was addressed in informal SBSTA consultations co-chaired by Anke Herold (European Community) and Nagmeldin Elhassan (Sudan). It concerned revised tables for reporting on LULUCF activities under Protocol Article 3.3 and 3.4 for greenhouse gas national inventories. After some technical considerations, parties agreed to the tables.

COP/MOP Decision: In its decision (FCCC/SBSTA/2007/L.21/Add.1), the COP/MOP decides that parties shall use tables – contained in an annex to the decision – for reporting information supplementary to annual greenhouse gas inventory information in the first commitment period, and requests the Secretariat to develop a module to the Common Reporting Format Reporter software for these tables.

OTHER MATTERS

PROPOSAL FROM BELARUS TO PREPARE FOR IMPLEMENTATION OF AMENDMENT OF ANNEX B TO THE PROTOCOL: This issue (FCCC/KP/CMP/2007/7) relates to an amendment to the Protocol adopted at COP/MOP 2 to include Belarus in Annex B of the Protocol. Annex B lists countries that have agreed under the Protocol to cut their

emissions, and sets out each country's specific target. According to Protocol Articles 21.7 and 20.4, the Belarus amendment enters into force after having been ratified by three-fourths of Protocol parties.

At COP/MOP plenary on 5 December, Belarus proposed steps to move ahead to legitimize its participation in the first commitment period in parallel with the ratification process. While the Russian Federation and Ukraine supported this course of action, the EU noted legal and practical difficulties. After informal consultations, the COP/MOP adopted conclusions on 14 December.

COP/MOP Conclusion: In its conclusions (FCCC/KP/CMP/2007/L.5), the COP/MOP takes note of the proposal of Belarus to prepare for the implementation of the amendment to Annex B to the Kyoto Protocol prior to its entry into force. The COP/MOP requests the SBI to consider this matter at its first session following a simple majority of ratifications required for the entry into force of the amendment, with a view to determining the modalities and conditions of the review of the report submitted by Belarus (FCCC/KP/CMP/2007/7). The COP/MOP reiterates its invitation to parties to the Kyoto Protocol to ratify, accept or approve the amendment.

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.

This section reflects on some of the key issues raised. 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>

OPENING OF THE MEETING: COP and COP/MOP President Rachmat Witoelar opened the joint high-level segment of the COP and COP/MOP. His introduction was followed by an opening speech from UN Secretary-General Ban Ki-moon, who said the world expects the launch of negotiations in Bali towards securing a comprehensive agreement in 2009. Kevin Rudd, Prime Minister of Australia, presented to the UN Secretary-General Australia's instrument of ratification to the Kyoto Protocol.

Indonesian President Susilo Bambang Yudhoyono, IPCC Chair Rajendra Pachauri, UNFCCC Executive Secretary Yvo de Boer, and the leaders of Singapore, Papua New Guinea, Palau, the Maldives and Norway also addressed the plenary.

COUNTRY STATEMENTS: Parties reflected on a wide range of issues, including various "long-term" issues relevant to what happens after the Protocol's first commitment period ends in 2012. Many called for a Bali roadmap that would lead to 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 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 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.

STATEMENTS FROM UN BODIES AND AGENCIES: Representatives of various UN bodies and specialized agencies made presentations, with many reporting on relevant work and linkages.

STATEMENTS BY OBSERVER ORGANIZATIONS: Many NGOs and intergovernmental organizations spoke during the high-level segment on behalf of business and industry, women's groups, youth, indigenous peoples and other key stakeholders. New York Mayor Michael Bloomberg, speaking for the International Council for Local Environmental Initiatives (ICLEI) - Local Governments for Sustainability initiative, described how 700 US cities have voluntarily agreed Kyoto targets and called on the US to set the pace for change.

Greenpeace, for the Climate Action Network, criticized some negotiators for undermining the Bali process, called for climate justice, and challenged Indonesia to end deforestation and embark on an energy revolution. Women for Climate Justice and Gender opposed nuclear energy use. Global Youth Climate Network said it was shameful that some countries "are delaying action and compromising our future" and urged a breakthrough in Bali.

At the close of the high-level segment, parties joined in a round of applause for Barbara Black, UNFCCC's liaison with observer organizations and for side events, who was retiring after 13 years with the Secretariat.

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. 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 Protocol Annex I Parties (AWG) discussed its work programme and timetable for completing its work. Protocol parties also considered preparations for the second review of the Protocol under Article 9 at COP/MOP 4. Delegates also held consultations on the “Russian proposal” on voluntary commitments.

During the negotiations, several issues proved difficult to resolve, especially during the talks on long-term cooperative action under the Convention. Text on mitigation by developed and developing countries was particularly contentious, with ministers and other senior officials continuing to meet well beyond the scheduled close of the meeting at 6:00 pm on Friday, 14 December. After meeting in a small-group setting until shortly after 2:00 am on Saturday morning and reaching a tentative agreement, the plenary reconvened at 8:30 am. However, some parties were still unable to agree on text on developing countries' mitigation actions, and it appeared that discussions were on the verge of a breakdown. At 10:30 am, UN Secretary-General Ban Ki-moon and Indonesian President Susilo Bambang Yudhoyono returned to the conference, urging delegates to reach a compromise.

Agreement remained elusive until Saturday afternoon, when parties finally agreed to a proposal by India and other developing countries to text referring to nationally appropriate mitigation actions by developing country parties in the context of sustainable development, supported by technology and enabled by finance and capacity building in a measurable, reportable and verifiable manner. After the EU and all other parties had accepted this language, the US agreed to join the consensus, and the decision on long-term action under the Convention was adopted. The AWG and COP/MOP then adopted decisions on the other elements of the Bali roadmap, with the meeting finally ending 24 hours past its scheduled finish.

These decisions establish a process and set out guidance and direction for a series of meetings over the next two years under both the Convention and Protocol, with the aim of producing a comprehensive outcome on post-2012 issues at COP 15 and COP/MOP 5 in Copenhagen, Denmark, in 2009.

REPORT ON THE DIALOGUE ON LONG-TERM COOPERATIVE ACTION UNDER THE CONVENTION

This agenda item (FCCC/CP/2007/4 and Add.1) was first taken up by COP on Monday, 3 December. A contact group and informal negotiations were facilitated by Howard Bamsey (Australia) and Sandea De Wet (South Africa). During the high-

level segment, negotiations also took place at the ministerial level. The outcome of the negotiations on long-term cooperative action formed a centerpiece of the Bali roadmap, and required extensive negotiation. A decision to establish an *ad hoc* working group was adopted at the final COP plenary.

Negotiations focused on both the nature of the process moving forward, and on the four “building blocks” identified as crucial aspects for the roadmap: adaptation, mitigation, technology transfer, and financing. During these negotiations, the most controversial issues included questions about the nature of the process moving forward; preambular text on mitigation referencing the IPCC's finding that Annex I parties as a group would need to cut emissions in a range of 25-40% by 2020; and an operative paragraph that addressed the nature of commitments or actions by different parties.

On the nature of the process, Japan proposed that the COP adopt a decision on the formation of a new *ad hoc* working group under the Convention. China called for parallel but independent processes under the Convention and the Protocol. The US supported a two-track approach and the formation of a working group. Co-Facilitator Bamsey presented three options for a new process: an informal Convention process similar to the previous “Dialogue” approach; a formal Convention process taking the form of a new subsidiary body under the Convention (an *ad hoc* working group); or an integrated, formal process combining work under the Convention (again, through an *ad hoc* working group) with work under the existing AWG under the Kyoto Protocol. After an exchange of views on this matter, it became clear that the second option, formalizing the UNFCCC process under an AWG while keeping the Convention and Protocol work under separate “tracks” was the most acceptable option for most parties. Thus, the COP decision created an “*ad hoc* working group on long term cooperative action.”

The second major issue was text in the preambular section referencing the IPCC's range of 25-40% cuts to Annex I parties' emissions by 2020. This reference was contained in a draft decision “non-paper” distributed by the co-facilitators on 8 December, and was the subject of debate over the subsequent seven days. While the EU and developing countries favored this text, the US, Canada, Japan and the Russian Federation argued that it was overly-prescriptive and was attempting to prejudge the outcome of the process. After lengthy debates, language that referred to IPCC's reference to this in the AR4 report of Working Group III was included in the final text.

Finally, text on mitigation caused ongoing debates that were only resolved in the closing plenary on 15 December. While the US, Canada and others sought stronger language on developing country action/commitments, the G-77/China opposed this, and instead sought to place the focus on language dealing with Annex I commitments. In spite of reported progress during small-group consultations held on Friday night, this issue was still unresolved when the COP convened at 8:30 am on 15 December. President Witoelar presented a “Proposal by the President” (FCCC/CP/2007/L.7) in an effort to engineer a compromise. India drew the President's attention to his country's preference for a paragraph on nationally appropriate mitigation actions by developing country parties in the context of sustainable development, supported by technology and enabled by finance

and capacity building in a measurable, reportable and verifiable manner. The plenary was subsequently suspended and further informal consultations were held. When the plenary reconvened on Saturday afternoon, the EU and several developing countries said they could support India's proposal, while the US stated that she could not accept this formulation. Responding to US comments, South Africa noted that a paragraph on developing country mitigation goes further than what was expected in the Convention, while the paragraph on developed country commitments was not as strong as he would have liked. Papua New Guinea asked the US to "get out of the way" if it was not willing to lead. The US responded that, after listening closely to the interventions, she was heartened by the expressions of commitment by developing countries and major emerging economies. She said the US wanted to go forward as part of a new framework and to be part of the roadmap. Therefore, she agreed to join the consensus on the matter. With this final issue resolved, the text was adopted.

COP Decision: In its decision (FCCC/CP/2007/L.7/Rev.1), the COP, *inter alia*, recognizes that deep cuts in global emissions will be required to achieve the Convention's ultimate objective and emphasizes the urgency to address climate change as indicated in the IPCC AR4. The COP, therefore, decides 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." For this purpose, the COP establishes an *Ad Hoc* Working Group on Long-Term Cooperative Action that shall complete its work in 2009, and agrees that the process shall begin without delay, with the first session held no later than April 2008.

The COP decides that 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. 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.

On adaptation, the COP decides 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.

On technology development and transfer, the COP decides 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.

Regarding financing, the COP decides 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 decides 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.

REPORT OF THE AD HOC WORKING GROUP

The *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Protocol (AWG) was established by COP/MOP 1 under Protocol Article 3.9 (future commitments) to consider Annex I parties' commitments beyond the Protocol's first commitment period.

At its resumed fourth session, the AWG focused on reviewing its work programme, methods of work and schedule of future sessions. After the AWG plenary on 3 December, discussions continued in informal consultations and a contact group co-chaired by AWG Chair Leon Charles (Grenada) and AWG Vice-Chair Outi Berghäll (Finland). On 10 December, the AWG plenary approved the draft outline of its report (FCCC/KP/AWG/2007/L.5). Following the adoption of the Bali roadmap by the COP on 15 December, the AWG held its closing plenary and adopted its conclusions.

During the conference, Australia ratified the Protocol and will participate in the AWG as a Protocol party starting at the fifth session. Australia expressed support for the AWG's previous conclusions, including "strong support" for the second option in the AWG's closing plenary.

REVIEW OF PROGRAMME OF WORK, METHODS OF WORK AND SCHEDULE: Parties spent most of the meeting discussing specific issues relating to the AWG's work programme and the agreed text contains a detailed outline for AWG's activities and meetings for 2008-2009.

Several Annex I countries stressed the connection between the AWG and other post-2012 processes and the need to coordinate them. South Africa, for the G-77/China, accepted the need to avoid duplicative work but highlighted the AWG's limited mandate and opposed any formal links to other post-2012 processes. Delegates agreed to request the Secretariat to schedule the AWG's meetings "to the extent possible," with other UNFCCC meetings. The G-77/China also stressed that the AWG should agree to complete its work in 2009. In the final document, the AWG indicates that it aims to forward relevant decisions on Annex I future commitments for adoption by COP/MOP 5, to be held in 2009.

The final issue to be resolved concerned two options for a paragraph indicating that the AWG's work should be guided by a "shared vision" of the Convention's ultimate objective. The first option, supported by Canada, the Russian Federation and initially some G-77/China countries, referred only to the relevant paragraph numbers in the report of the first part of AWG 4 (FCCC/KP/AWG/2007/L.3). The second option, proposed by the EU, spelled out these findings. It referred to the AR4 and the need for global emissions to peak within the next 10-15 years and be reduced well below 2000 levels by the middle of the

century. It also indicated that Annex I parties as a group would need to reduce their emissions by 25-40% from 1990 levels by 2020.

During the AWG's closing plenary on Saturday evening, 15 December, the G-77/China, EU, LDCs, SIDS, New Zealand, Switzerland and several others supported AWG Vice-Chair Berghäll's proposal to approve the second option. Only Canada and the Russian Federation opposed it, with Canada objecting to a reference to only some parts of the AR4 and the Russian Federation preferring to refer specifically to Working Group III's contribution to AR4, since this was where this text originally came from. The AWG agreed on the second option and added reference to the "contribution of IPCC Working Group III to the AR4" and a footnote referring to Working Group III's Technical Summary.

AWG Conclusions: In its conclusions (FCCC/KP/AWG/2007/L.6/Rev.1), the AWG:

- recalls its work should be guided by a shared vision of the challenge set by the ultimate objective of the Convention;
- notes the usefulness of the ranges in IPCC Working Group III's contribution to AR4 and that this report indicates that global greenhouse gas emissions need to peak within the next 10-15 years and be reduced well below half of 2000 levels by the middle of the twenty-first century;
- recognizes that achieving the lowest stabilization scenarios assessed by the IPCC would require Annex I parties as a group to reduce emissions in a range of 25-40% below 1990 levels by 2020;
- decides to hold the first part of its fifth session in March or April 2008 and resume it in June 2008;
- identifies the tasks and preparatory process for both parts of the fifth session, including two in-session workshops, submissions and an information note by the Secretariat;
- decides to hold the first part of its sixth session in August or September 2008 and resume it in December 2008;
- outlines the preparatory process for both parts of the sixth session, including submissions and an updated technical paper;
- identifies the tasks for both parts of the sixth session, including an in-session workshop, adopting conclusions and considering the work programme for 2009;
- decides to hold its seventh and eighth sessions in 2009;
- identifies the tasks that it aims to carry out at those sessions, including forwarding the relevant draft decisions on further Annex I commitments to COP/MOP 5 for its adoption; and
- requests the Secretariat to schedule all meetings under the AWG, "to the extent possible," in conjunction with other UNFCCC meetings.

The decision also contains an annex providing an overview of the AWG's activities.

REVIEW OF THE PROTOCOL PURSUANT TO ARTICLE 9: SCOPE AND CONTENT

This agenda item (FCCC/KP/CMP/2007/MISC.1, Add.1-2, and FCCC/KP/CMP/2007/INF.1) was first taken up in the COP/MOP plenary on 5 December, with many developed countries supporting a comprehensive review, while many developing countries underscored implementation of the Protocol, and in

particular Annex I commitments. A contact group, co-chaired by Raphael Azeredo (Brazil) and Adrian Macey (New Zealand), was established and met several times formally and informally. At its closing plenary on Saturday afternoon, 15 December, the COP/MOP adopted a decision.

Discussions focused on the scope, the content, and the process towards the review at COP/MOP 4. On scope, 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.

On content, parties identified several issues to be addressed during the second review, such as adaptation, the CDM, the IPCC AR4, effectiveness, implementation, CCS, LULUCF and emissions from deforestation, privileges and immunities, bunker fuels, clean energy sources incentives, capacity building, adaptation to response measures, and compliance. They discussed the contents of submissions on issues to be addressed during the second review, including: channeling a share of proceeds from JI and emissions trading to the Adaptation Fund; procedures and mechanisms relating to compliance under the Protocol; and procedures for amending annexes to the Protocol. While parties agreed to request submissions on extending the share of proceeds to JI and emissions trading, Ukraine and the Russian Federation expressed reservations at the closing plenary, stating that this proposal would hinder the implementation of these mechanisms in their countries.

In addition, reference to submissions on the compliance mechanism was removed and text on an amendment to the Protocol was modified to make it explicit that it refers to Convention Annex I parties who want to inscribe commitments in Protocol Annex B.

COP/MOP Decision: In its decision (FCCC/KP/CMP/2007/L.8), the COP/MOP, among other things, agrees that the review will aim to enhance implementation of the Protocol and further elaborate on a number of its elements, including adaptation. The COP/MOP also:

- agrees that the review will be based on the best available science, including the IPCC AR4;
- reiterates that the review does not prejudice action decided by COP/MOP or lead to new commitments for any party;
- acknowledges that parties can take into account results from relevant activities under the Convention and Protocol in preparing for the second review;
- recognizes that the COP/MOP shall take action based on the results of the second review; and
- requests the Secretariat to organize a workshop and prepare a report on progress of the AWG by October 2008.

The COP/MOP also invites submissions, by 7 March 2008, of views on: extending the share of proceeds to JI and emissions trading to fund adaptation; procedures for inscribing commitments for Annex I parties in Annex B; privileges and immunities; scope, effectiveness and functioning of the flexible mechanisms, including regional distribution of CDM projects; and minimization of adverse effects.

RUSSIAN PROPOSAL

This issue (FCCC/KP/CMP/2007/INF.2, FCCC/KP/CMP/2007/MISC.2 and Add.1 and 2) relates to a proposal by the Russian Federation at COP/MOP 1 to develop procedures for the approval of voluntary commitments. On 5 December, the COP/MOP plenary heard a report on a workshop held during SB 26. The workshop resulted from lengthy negotiations at COP/MOP 2 on the appropriate process for considering the Russian proposal. During the workshop, the Russian Federation elaborated on the procedural and substantive components of the proposal.

After hearing the report on the workshop, India and Saudi Arabia opposed further consideration of the Russian proposal. Several Annex I parties as well as the Climate Action Network, praised the Russian proposal. Canada indicated that parts of the proposal could be considered as a part of the Bali roadmap and Australia, New Zealand and Japan noted links with the second review of the Protocol under Article 9. The EU and Belarus supported further consideration of the proposal. The issue was taken up in informal consultations facilitated by Djismun Kasri (Indonesia) and agreement was reached to consider aspects of the proposal in the context of the second review of the Protocol under Article 9 and the new *Ad Hoc* Working Group on Long-term Cooperative Action.

In the closing plenary, COP/MOP President Witoelar reported agreement and the COP/MOP adopted the President's proposal as a conclusion on Saturday evening, 15 December.

COP/MOP Conclusions: In its conclusions (FCCC/KP/CMP/2007/L.9), the COP/MOP, *inter alia*: notes that the workshop on the Russian proposal had allowed the Russian Federation to distinguish between the procedural and substantive components of their proposal and that it had helped clarify the intent and possible ramifications of the proposal; and invites 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.

CLOSING COP AND COP/MOP PLENARY

On Saturday afternoon, 15 December, President Rachmat Witoelar convened the closing COP and COP/MOP plenaries. Parties adopted the reports of the COP (FCCC/CP/2007/L.1/Add.1) and COP/MOP (FCCC/KP/CMP/2007/L.1 and Add.1). Parties also adopted a decision expressing their gratitude to the Government of Indonesia for hosting the conference and to the people of Indonesia for their hospitality (FCCC/CP/2007/L.6 and FCCC/KP/CMP/2007/L.7).

Many parties expressed satisfaction with the adoption of the Bali roadmap, and thanked their colleagues, the UNFCCC Secretariat and the Indonesian Government. Pakistan, for the G-77/China, highlighted the shared understanding that our partners "will not leave us again" and that "we are taking this step together." The EU noted that a busy two years lies ahead, and expressed committed to work towards a final agreement in Copenhagen in 2009.

President Witoelar described the meeting as a "breakthrough" where delegates demonstrated leadership to create a sustainable future, and identified the Bali roadmap as a tribute to delegates' solidarity to tackling climate change, the "defining challenge of the century." He gavelled the meeting to a close at 6:27 pm.

A BRIEF ANALYSIS OF COP 13 & COP/MOP 3

BALI: ISLAND OF THE GODS AND "BREAKTHROUGHS"?

You should not be impelled to act for selfish reasons, nor should you be attached to inaction. (Bhagavad Gita. 2.47)

Marking the culmination of a year of unprecedented high-level political, media and public attention to climate change science and policy, the Bali Climate Change Conference produced a two-year "roadmap" that provides a vision, an outline destination, and negotiating tracks for all countries to respond to the climate challenge with the urgency that is now fixed in the public mind in the wake of the headline findings of the IPCC's Fourth Assessment Report. The outline destination is an effective political response that matches both the IPCC science and the ultimate objective of the Convention; it was never intended that the Bali Conference would focus on precise targets. Instead, the divergent parties and groups who drive the climate regime process launched a negotiating framework with "building blocks" that may help to square a number of circles, notably the need to reconcile local and immediate self-interest with the need to pursue action collectively in the common and long-term interests of people and planet. The informal dialogue over the past two years has now been transformed into a platform for the engagement of parties from the entire development spectrum, including the United States and developing countries.

This brief analysis opens with a discussion on the complexity of the climate change process, and describes the elements of the Bali roadmap and their potential significance in enabling negotiations on the future of the climate regime, including a post-2012 agreement. It identifies the main political achievements of the Conference, and assesses some of the specific outcomes from negotiations on the so-called "building blocks" of mitigation, adaptation, financing and technology transfer.

MANAGING COMPLEXITY

Of the 10,000 participants in the Bali Conference, it is likely only a handful of them had a meaningful grasp of all the pieces that now make up the deepening complexity of the climate change regime. Delegates in Bali had to balance meetings of the UNFCCC COP and the Kyoto Protocol COP/MOP, along with the subsidiary bodies, the *Ad Hoc* Working Group, dozens of contact groups and informal consultations on issues ranging from budgets to national reporting to reducing emissions from deforestation in developing countries, not to mention side events held by governments, international organizations, business and industry, and environmental NGOs. Balancing the large number of participants, issues and negotiating venues requires stamina, time management and a lot of creativity. With the launch of new negotiations on a long-term agreement, which, by definition must be more ambitious than anything that has gone before, yet another piece has been added to the ever-growing complex puzzle that makes up the climate regime.

Managing this deepening complexity in a highly sensitive – and largely transparent – political environment has become an extraordinary feat, undertaken by a UNFCCC Secretariat that continues to impress participants with a combination of professionalism, competence and good humor. The UN Secretary-General's decision to adopt climate change as one

of his own UN system-wide priorities, with a more effective division of labor and lines of accountability on climate-related issues throughout the UN system, will shore up the resources required for the future. A greater emphasis on the need to draw on expertise found outside the immediate UNFCCC process was also a notable and timely feature of discussions in Bali.

Nevertheless, the challenge of defining precisely what elements of the Bali decisions and outcomes constitute the “Bali roadmap” is its own complex work in progress. For example, what exactly is the nature of the agreement that must result from the Bali roadmap? This is still a matter of debate, with divergent views on the legal form or architecture that will accommodate and, perhaps elaborate, existing commitments under the Convention and the Protocol in the near term and after 2012. So, while the Bali roadmap was never categorically defined, most are viewing it as a compendium of decisions and processes adopted and launched by the COP and COP/MOP, which can be divided into three types:

- Negotiating tracks;
- Building blocks; and
- Supporting activities, including reducing emissions from deforestation and forest degradation.

NEGOTIATING TRACKS

The Bali roadmap builds on the negotiating tracks on long-term issues launched at the Montreal Climate Change Conference at the end of 2005. In addition to the legal necessity to address the post-2012 period after the Protocol’s first commitment period expires, the Bali roadmap aims to mend some of the fractures that have evolved in the architecture of the climate change regime, most notably the refusal of the United States to ratify the Protocol. The institutionalization of tensions between developed and developing country parties, the crisis of confidence surrounding the implementation of existing commitments, and a growing need for the distribution of responsibilities to reflect the economic power and responsibilities of major emerging economies, have also haunted the process. The Bali roadmap must continue to provide a means to re-engage the United States in negotiations on future commitments, with some level of comparability with other developed country undertakings; it must develop innovative mechanisms and incentives for the engagement of the major emerging economies; and it will be judged, above all, by the extent to which it addresses the ultimate objective of the Convention – to put the world on a path to avoid dangerous climate change – by responding, without equivocation, to the IPCC’s findings.

At the heart of the Bali roadmap are the negotiating tracks to be pursued under the newly launched *Ad Hoc* Working Group on Long-term Cooperative Action and the existing *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Protocol. The work of each track will be important, but – in all probability – it is the convergence of views, with each track taking the work of the other on board, that will inform deliberations on the ambition and the means for all to contribute to a future agreement or agreements.

One indication of the likely contents of the roadmap came early on in Bali in an intervention by COP President Witoelar during the Contact Group on Long-term Cooperative Action. He explained that the roadmap has a track for negotiations under

the Convention, with a milestone in 2008, and a destination in 2009. The centerpiece of this track is the decision on the *Ad Hoc* Working Group on Long-term Cooperative Action, which for the first time sets out a negotiating agenda that encompasses discussions on mitigation for both developing and developed countries. Since the negotiations will take place under the Convention, they will include all parties – developing countries and the US. However, there is some question as to the nature of the mandate for this track, other than a reference to the ultimate objective of the Convention. Some have contrasted the work of this AWG with the stronger mandate built into the *Ad Hoc* Working Group on the Berlin Mandate, which resulted in the Kyoto Protocol. “We may have to return to the COP to clarify and strengthen the mandate; for the moment we have taken a leap of faith,” said one observer, hoping that the work would result in a binding agreement.

On the Protocol track is the work programme, methods and schedule of future sessions of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Protocol. Important aspects of the work of the AWG will be taken on board and feed into the second review of the Protocol under Article 9 at COP/MOP 4.

One of the most significant developments in Bali was a shift that the Executive Secretary likened to the “dismantling of the Berlin Wall.” While a “two-track” approach will continue and maintain a degree of separation between discussions under the Convention and the Protocol, the decision on the AWG on Long-Term Cooperative Action uses for the first time language on “developed” and “developing” countries, rather than “Annex I” and “non-Annex I” countries. This is widely regarded as a breakthrough, as it offers the prospect of moving beyond the constraints of working within only Annex I and non-Annex I countries when defining future contributions to a future agreement. It is anticipated that new approaches to differentiating contributions, tied to countries’ economic capacity, will form part of the future architecture. Moreover, the new AWG will also fully engage and address the future role of the US, which has not ratified the Protocol.

The risk in all of this, identified by some developing country parties, is that certain Annex I parties may seize on this development to “jump ship” and attempt to adopt more relaxed commitments than those under the Kyoto Protocol. This led to proposals for a “firewall” that would lock existing Annex I parties into the most ambitious end of the commitment spectrum.

BUILDING BLOCKS

Integral to the emerging and no doubt cross-fertilizing work programmes across the negotiating tracks are the so-called “building blocks” of mitigation, adaptation, technology and finance. These key issues were considered both under the roadmap negotiations and in related talks on topics such as the Adaptation Fund.

With evidence that the confidence-building phase of negotiations has begun to yield some results in terms of the re-engagement of the US and engagement of major developing country economies, the Bali Conference was regarded by some, notably the EU and major NGOs, as the moment to lock the process into evidence-based negotiations on mitigation and

commitments. The timing and ambition of the EU's agenda was not unexpected and contributed to some of the fiercest exchanges between negotiators.

MITIGATION: The debate on mitigation, notably the terms of engagement by developing countries, in the context of the *Ad Hoc* Working Group on Long-term Cooperative Action, was not resolved until the COP plenary on Saturday. Under the gaze of unprecedented media attention, India turned the final hours of negotiations into something approaching a Bollywood Blockbuster, with star-studded cameo roles by none other than the UN Secretary-General and the President of Indonesia, calling on parties to close a deal. Up until Saturday afternoon, the prospect of a collapse of the negotiations was not ruled out by senior participants.

In a defining moment of the Conference, at the final and dramatic COP plenary session, the US stood down from its opposition to a proposal by India, supported by the G-77/China. The Indian proposal aimed to ensure that mitigation actions by developing country parties are supported by technology, financing and capacity building, subject to measurable, reportable and verifiable procedures. This new paragraph has far-reaching implications for linking developing country participation in a future agreement and confidence that they will access the means to deliver. Fired by a suspicion that developed countries had set up future negotiations that might relax their own commitments, while placing too much onus on developing country contributions, India deftly seized the momentum for the closure of a deal on the roadmap, in the full gaze of the world's media, to introduce a new rigor to the delivery of developed country commitments on capacity building. Introducing this outstanding debate into the final COP plenary on Saturday was just one of the high-risk strategies deployed to press for closure on issues that had played out for days behind closed doors. In the end, after phone calls reportedly involving Washington, the US delegation dropped its opposition to the Indian proposal, stung by rebuffs from South Africa and Papua New Guinea and lengthy applause from delegates and observers who favored the proposal.

The mitigation debate was also behind contested approaches to referencing the IPCC Fourth Assessment Report. This battle was fought on two fronts: under the Protocol and under the Convention. In the AWG under the Protocol, Russia, Canada, and Japan lined up to oppose a reference to the 25-40% greenhouse gas emissions reduction range in the AWG's report from Vienna, which included this and other quotes from the IPCC AR4. Noting that media coverage was feeding public expectations that countries were "going to agree" to reductions in this range and that "we have to be careful about presenting the range as the target," the Russian Federation continued its opposition all the way to the AWG closing plenary. Canada and Japan, which had argued in the informal consultations that Russia should be heeded, changed their position after a concerted campaign by AOSIS to insert a comprehensive reference to the IPCC AR4.

There was less success on the Convention front in the Dialogue on Cooperative Action, where the reference to the IPCC science is weaker. AOSIS was unable to summon up the support for a stronger reference when negotiators met in a small informal group to close on this issue. Participants

believe that this will be a weaker starting point for negotiations on cooperative action under the Convention, and the IPCC references may have to be revisited.

ADAPTATION AND FINANCE: One of the significant outcomes bringing together both adaptation and finance was the decision to operationalize the Adaptation Fund, which was set up to finance adaptation in developing countries. The Fund had proven to be particularly delicate to negotiate because, unlike other funds under the UNFCCC, it is funded through a levy on CDM projects undertaken in developing countries and is therefore not dependent on donors. At past meetings, proposals to appoint the GEF as the Fund's manager have generated controversies between developed and developing countries, and an agreement on the Adaptation Fund Board, operating under the guidance of the COP/MOP, was a significant breakthrough. However, the early stages of the Conference were marked by intensive lobbying by representatives from the GEF who were determined to secure a role in servicing the Fund. In the end, they secured an interim role in providing a secretariat function.

The establishment of the Adaptation Fund was widely applauded. It was also seen as one of several positive outcomes for the G-77/China at this meeting, which some observers note are a reflection of the increasing economic and political clout of this group.

TECHNOLOGY: The basis for an interim funding programme under the GEF was brokered behind the scenes early in the Conference, although agreement on the final details was complicated. Technology funding is expected to be scaled up when a comprehensive agreement on future commitments is reached, possibly in Copenhagen. Governments agreed to kick start a strategic programme to scale up investment in the transfer of both the mitigation and adaptation technologies needed by developing countries. Again, the outcome was widely viewed as a positive one for developing countries.

SUPPORTING ACTIVITIES – REDUCING EMISSIONS FROM DEFORESTATION

A decision on reducing emissions from deforestation in developing countries is as significant for the wider deforestation debate as it is for the climate regime. As one observer put it, the deforestation issue has suffered from a level of fragmentation and now, perhaps for the first time, may ultimately be brought under a legally binding framework.

There was an agreement to launch a process for understanding the challenges ahead, including through demonstration activities over the next two years, in preparation for addressing these issues in a post-2012 agreement.

A problematic part of this debate was how to include the issue in the post-2012 regime. The US supported a reference to "land use" in the decision on reducing emissions from deforestation, alarming some observers as it recalled broader discussions of land use that included not only forestry but also agriculture and other forms of land management. There was, however, agreement to open up options in future discussions on long-term cooperative action by including in the decision an explicit reference to reduced emissions from deforestation "and consideration of ... the role of conservation, sustainable management of forest and enhancement of forest carbon stocks."

MOVING FORWARD

The Bali Conference demonstrated that at certain moments in climate talks, notably when negotiations are taking place in the full gaze of a public and media who are better informed than at any time since the emergence of the climate change agenda, parties come under extreme pressure to face up to the science. The high-level political attention given to climate change has introduced an unprecedented level of interest and investment of expertise by organizations, not only by research and advocacy organizations, but also by the media. The number of side events held in parallel to the conference was also unprecedented, and included two full day events during the weekend: the Climate and Development Days, and the Forest Day.

A youth delegate told the COP plenary, "You can't negotiate with physics and chemistry." This, of course, is not entirely true. Parties do disagree with the science, but their arguments can sometimes change when they are exposed to the critical gaze of global public opinion. A feature of the Bali Conference was the shift in a number of positions when negotiators left the closed-door ministerials and returned to the plenary sessions, as illustrated by the pressure that came to bear on the US and Canada in the final COP plenary. Transparency can be a decisive factor.

At COP/MOP 3, the interplay between international climate politics and domestic elections was illustrated by the dramatic win by Kevin Rudd's Labor Party in Australia. In 2008, another domestic election may have a dramatic impact on the global climate change regime, whatever the outcome. The global public gaze that fixed on the COP plenary in Bali will now turn to the US election in November 2008.

In the meantime, parties to the Convention and the Protocol have succeeded in honoring the call for a "breakthrough" that came from the UN Secretary-General's climate change summit in September. Bali launched far reaching negotiations with a clear deadline for the conclusion of an agreement on the post-2012 period. Bali was successful in delivering the expected roadmap and building blocks. Now it is up to everyone, negotiators, politicians, public opinion and media to play their respective parts – progress in negotiations, take action, keep up the pressure, and maintain vigilance – to make sure the road from Bali doesn't end up in the sea.

UPCOMING MEETINGS

IPCC SCOPING MEETING FOR THE SPECIAL REPORT ON RENEWABLE ENERGY: This meeting will take place in Lübeck, Germany, from 21-25 January 2008. For more information, contact: IPCC Secretariat; tel: +41-22-730-8208; fax: +41-22-730-8025; e-mail: IPCC-Sec@wmo.int; internet: <http://www.ipcc.ch/>

LIVING WITH CLIMATE CHANGE: ARE THERE LIMITS TO ADAPTATION?: Organized by the Tyndall Centre for Climate Change Research and the University of Oslo, this conference will take place at the Royal Geographical Society in London, UK, from 7-8 February 2008. The conference will consider strategies for adapting to climate change, in particular to explore the potential barriers to adaptation that may limit the ability of societies to adapt to climate change and to identify opportunities for overcoming these barriers. For

more information, contact: Vanessa McGregor, Tyndall Centre for Climate Change Research; tel: +44-1603-593900; fax: +44-1603-593901; e-mail: adaptation2008@uea.ac.uk; internet: <http://www.tyndall.ac.uk/research/programme3/adaptation2008/index.html>

DELHI SUSTAINABLE DEVELOPMENT SUMMIT 2008: SUSTAINABLE DEVELOPMENT AND CLIMATE CHANGE: This Summit will take place in New Delhi, India, from 7-9 February 2008, and will offer a platform for leading figures from the North and the South to address the vital issues of climate change and sustainable development, and to set the stage for an intensified search for global solutions during the year. For more information, contact: Summit Secretariat, TERI; tel: +91-11-2468-2100; fax: +91-11-2468-2144; e-mail: dsds@teri.res.in; internet: <http://www.teriin.org/dsds/2008/>

WASHINGTON INTERNATIONAL RENEWABLE ENERGY CONFERENCE (WIREC) 2008: This conference will be held in Washington, DC, from 4-6 March 2008. The event, organized by the US Department of State, will aim to advance goals on energy security, climate change, air quality, and sustainable development, including agriculture and rural development. It will also seek to demonstrate global leadership in renewable energy research, policy development, technology innovation, commercialization and development, and to foster industry and government collaboration. For more information, contact: American Council on Renewable Energy; tel: +1-202-393-0001; fax: +1-202-393-0606; internet: <http://www.wirec2008.org/>

FIRST SESSION OF THE AD HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION UNDER THE UNFCCC AND FIFTH SESSION OF THE AWG UNDER THE KYOTO PROTOCOL: The first meeting of the *Ad Hoc* Working Group on Long-Term Cooperative Action, a new body established at COP 13 in Bali, is expected to take place in Accra, Ghana, in March/April 2008, at a date to be determined. The purpose of the meeting will be to develop the Group's work programme. The fifth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol will also be held at the same time. For more information, contact the UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://www.unfccc.int>

28TH SESSION OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE: This meeting is tentatively scheduled to be held in Budapest, Hungary, from 9-10 April 2008. For more information, contact: IPCC Secretariat; tel: +41-22-730-8208; fax: +41-22-7 30-8025; e-mail: IPCC-Sec@wmo.int; internet: <http://www.ipcc.ch/>

28TH SESSIONS OF THE UNFCCC SUBSIDIARY BODIES: The 28th sessions of the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice are scheduled to take place from 2-13 June 2008, in Bonn, Germany. It is expected that the second meeting of the *Ad Hoc* Working Group on Long-Term Cooperative Action under the Convention and the resumed fifth session of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol will also be held. 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>

INTERNATIONAL CONFERENCE ON ADAPTATION OF FORESTS AND FOREST MANAGEMENT TO CHANGING CLIMATE WITH EMPHASIS ON FOREST HEALTH: A REVIEW OF SCIENCE, POLICIES, AND PRACTICES:

This conference will be held from 25-28 August 2008, in Umeå, Sweden. Co-hosted by the UN Food and Agriculture Organization, the International Union of Forest Research Organizations and the Swedish University of Agricultural Sciences, this conference will focus on the current state of knowledge of ongoing changes in climatic conditions in different regions of the world, and the implications of these changes for forest health, forest management and conservation. For more information, contact: Alexander Buck, IUFRO; tel: +43-1-877015113; e-mail: buck@iufro.org; internet: <http://www.forestadaptation2008.net/home/en/>

THIRD SESSION OF THE AD HOC WORKING GROUP ON LONG-TERM COOPERATIVE ACTION UNDER THE UNFCCC AND SIXTH SESSION OF THE AWG UNDER THE KYOTO PROTOCOL: These meetings will be held at a location to be determined, in August/September 2008. For more information, contact the UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://www.unfccc.int>

FOURTEENTH CONFERENCE OF THE PARTIES TO THE UNFCCC AND FOURTH MEETING OF THE PARTIES TO THE KYOTO PROTOCOL: UNFCCC COP 14 and Kyoto Protocol COP/MOP 4 are scheduled to take place from 1-12 December 2008, in Poznan, Poland. These meetings will coincide with the 29th meetings of the UNFCCC's subsidiary bodies. As well, the *Ad Hoc* Working Group on Long-Term Cooperative Action under the Convention will convene for its fourth session, along with the resumed sixth meeting of the *Ad Hoc* Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol, 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>

GLOSSARY

AOSIS	Alliance of Small Island States
AR4	IPCC Fourth Assessment Report
AWG	<i>Ad Hoc</i> Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol
CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
CER	Certified Emission Reductions
CGE	Consultative Group of Experts on Non-Annex I National Communications
COP	Conference of the Parties
COP/MOP	Conference of the Parties serving as the Meeting of the Parties
Dialogue	Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention
EGTT	Expert Group on Technology Transfer
EIT	Economies in transition to a market economy
GEF	Global Environment Facility
HCFC-22	Hydrochlorofluorocarbon-22
HFCs	Hydrofluorocarbons
HFC-23	Hydrofluorocarbon-23
IPCC	Intergovernmental Panel on Climate Change
JI	Joint Implementation
JISC	Joint Implementation Supervisory Committee
LDCs	Least Developed Countries
LULUCF	Land use, land-use change and forestry
ppm	parts per million of carbon dioxide equivalent
SB	UNFCCC Subsidiary Body
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SIDS	Small Island Developing States
UNFCCC	United Nations Framework Convention on Climate Change

**PEER-TO-PEER E-mail Distribution Lists:
AFRICASD-L, BIODIV-L, CHEMICALS-L, CLIMATE-L,
FORESTS-L, MEA-L, WATER-L, OCEANS-L.
Where your information can reach the right audience.**

Our Peer-to-Peer Distribution Lists were created to provide a mechanism for informal information exchange. Subscribers to these lists can post messages about their events, publications and job announcements, as well as other non-commercial messages.

You can subscribe to these lists free-of-charge by accessing the **IISD Reporting Services** website "**Linkages**" at: www.iisd.ca/email/subscribe.htm

To make arrangements to subscribe your group or organization, please contact:
IISD Reporting Services – 300 East 56th St. Apt 11A, New York, NY 10022, USA
Tel: +1 646 536 7556 Fax: +1 646-219-0955 - E-mail: enb@iisd.org