

OUTCOME OF THE COP6 RESUMED SESSION AND FURTHER SUBJECTS TO COPE WITH

11th Asia-Pacific Seminar on Climate Change,
Kitakyushu, Japan
28-31 August 2001

Presented by:

Dr. George Manful
Programme Officer
UNFCCC secretariat
(gmanful@unfccc.int)



What's in the Bonn Agreement? Core Elements for BAPA

- Funding
- Technology Transfer
- Developing Country Parties concerns/needs
- Kyoto Mechanisms
- LULUCF
- Compliance



Bonn Agreement

Agreed, Approved and Adopted

- Agreed 10:10 a.m
Monday, 22 July
- Approved
Monday, 22 July
- Adopted
Wednesday, 24
July



Implementation of the Buenos Aires Plan of Action : The Bonn Agreement





DRAFT DECISIONS FORWARDED BY COP 6 (PART TWO) TO COP 7 FOR ADOPTION

1. Capacity-building in developing countries (non-Annex I Parties) (FCCC/CP/2001/L.2)
2. Capacity-building in countries with economies in transition (FCCC/CP/2001/L.3)
3. Additional guidance to an operating entity of the financial mechanism (FCCC/CP/2001/L.4/Rev.1)
4. Development and transfer of technologies (decisions 4/CP.4 and 9/CP.5) (FCCC/CP/2001/L.10)
5. Implementation of Article 4.8 and 4.9 of the Convention (decision 3/CP.3 and Article 2.3 and Article 3.14 of the Kyoto Protocol) (FCCC/CP/2001/L.12)
6. Matters relating to Article 3.14 of the Kyoto Protocol (FCCC/CP/2001/L.13)
7. Funding under the Convention (FCCC/CP/2001/L.14)
8. Funding under the Kyoto Protocol (FCCC/CP/2001/L.15)
9. Activities implemented jointly under the pilot phase (FCCC/CP/2001/2/Add.5)
10. Impact of single projects on emissions in the commitment period (decision 16/CP.4) (FCCC/CP/2000/5/Add.3 (Vol.IV))



DRAFT DECISIONS FORWARDED BY COP 6 (PART TWO) TO COP 7 FOR COMPLETION AND ADOPTION

1. Land-use, land-use change and forestry (FCCC/CP/2001/L.11/Rev.1)
2. Work programme on mechanisms (decisions 7/CP.4 and 14/CP.4) (FCCC/CP/2001/CRP.11)
3. Procedures and mechanisms relating to compliance under the Kyoto Protocol (FCCC/CP/2001/CRP.12/Rev.1)
4. "Good practices" in policies and measures among Parties included in Annex I to the Convention (FCCC/CP/2001/2/Add.5)
5. National systems, adjustments and guidelines under Articles 5, 7 and 8 of the Kyoto Protocol (FCCC/CP/2000/5/Add.3 (Vol.III))



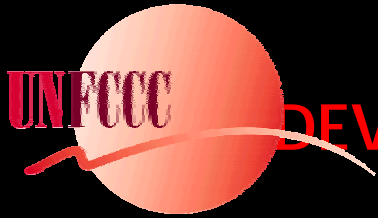
FUNDING FOR DEVELOPING COUNTRY PARTIES

- All Parties **recognize the need for more funding** to assist developing countries in addressing climate change (**new and additional** to current GEF contributions).
- Future funding levels are to be **predictable and adequate**.
- Agreement that there should be **increased GEF replenishment**.
- Distinction between **Convention funding** and **Protocol funding**, to ensure that Convention funding can go ahead if the Protocol does not enter into force.
- Establishment of **two** new funds under the **Convention**:
 - **Special climate change fund** (under the GEF) to finance adaptation, transfer of technologies, emission reductions, and assistance to developing country Parties in diversifying their economies.
 - **Least Developed Countries fund** (under the GEF) to support LDCs in implementing the Convention and, in particular, to address their adaptation needs.



FUNDING FOR DEVELOPING COUNTRY PARTIES

- Establishment of one new fund under the **Protocol**:
 - **Adaptation fund** (under the GEF) to finance adaptation projects/programmes; financed from the
 - share of proceeds of the CDM (2% of CERs) {exempt: CDM projects in 7LDCs }
 - Annex I Parties invited to provide additional funding.
- **GEF to provide funding for implementation of capacity-building activities and preparation of national communication** including the implementation of Stage II adaptation activities.
- While the Bonn Agreement **does not include specific funding levels, political declarations** related to funding were announced:
 - The European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland announced that they are prepared to contribute **\$410 million per year**, by 2005, with this to be revised in 2008.
 - Canada will contribute **C\$10 million** to the LDC fund.



DEVELOPMENT AND TRANSFER OF TECHNOLOGIES

- A framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention was agreed upon. The framework cover:
 - Technology needs assessments
 - Technology information
 - Enabling environments
 - Capacity-building
 - Mechanisms for technology transfer.
- An **Expert Group on Technology Transfer** to be established to identify ways to facilitate and advance technology transfer activities, including those identified in the technology transfer framework.



ADVERSE EFFECTS OF CLIMATE CHANGE AND IMPACTS OF RESPONSE MEASURES

- **Funding channels for activities related to adaptation to the adverse effects of climate change**
 - the GEF,
 - the special climate change fund
 - the adaptation fund
 - other bilateral and multilateral sources.
- **The activities include:**
 - information
 - methodologies
 - vulnerability assessment
 - implementation of adaptation measures
- **Annex II Parties and other Annex I Parties in a position to do so are to give priority to:**
 - Progressive reduction of **market distortions** (e.g. taxes, subsidies, energy pricing).
 - Cooperate to **develop technologies for fossil fuels** that are non-energy related or result in lower emissions or the storage of greenhouse gases.
 - **Capacity-building** to improve efficiency (including environmental efficiency) in upstream and downstream fossil fuel activities.



ADVERSE EFFECTS OF CLIMATE CHANGE AND IMPACTS OF RESPONSE MEASURES

- **Activities to address any negative impact of response measures are to be supported through the following channels:**
 - the GEF
 - the special climate change fund
 - other bilateral and multilateral sources
- **Annex I Parties have committed themselves to *strive to prevent or minimize adverse effects* on developing countries in the course of taking action on climate change.**
- **Annex I Parties will provide *annual information* on how they are *striving to prevent or minimize* adverse effects.**



THE KYOTO PROTOCOL MECHANISMS

- The draft decisions outline a **workable set of rules** for all three mechanisms.
- Domestic action of Annex I Parties shall **“constitute a significant element”** of their measures to meet their targets;
- Overall use of the mechanisms shall be supplemental to domestic action.
- **The CDM architecture is agreed;**
- The CDM could start operating once its executive board is elected
- Host Party to confirm if a project assists in achieving its sustainable development goals;



THE KYOTO PROTOCOL MECHANISMS

- Annex I Parties are to **refrain** from using CDM and JI credits generated from **nuclear facilities** to meet their commitments.
- LULUCF projects are allowed under the CDM for the first commitment period
- LULUCF projects would be limited to **afforestation and reforestation projects**.
- Credits from such projects are **capped at 1% of the Party's base year emissions** for the first commitment period.
- The rules for including these projects in the CDM will be worked out over the next two years.



THE KYOTO PROTOCOL MECHANISMS

- To participate in emissions trading, Annex I Parties have to demonstrate **eligibility requirements**.
 - Have established its assigned amount under the KP (i.e. determined its quantitative target).
 - Have up-to-date inventories of greenhouse gas emissions and systems for keeping track of their mechanisms activities (registries).
 - Be subject to the compliance mechanism.
- There are provisions to **limit the potential of non-compliance** due to overselling.
- The CDM opens opportunities for investment by **private sector**.
- Public funding by Parties is must **not result in a diversion of ODA** and is to be separate from, and not counted towards, the financial obligations of Annex I Parties.



THE KYOTO PROTOCOL MECHANISMS

- There are special procedures to ease implementation of **small-scale CDM projects**.
- Remaining outstanding issues include:
 - The level of decision-making power to be delegated to the executive board of the CDM,
 - The nature of eligibility requirements relating to the compliance mechanism, details of an alternative verification procedure for joint implementation projects under Article 6,
 - The character of assigned amount (which has implications for assigned amount in the second commitment period).



LAND-USE, LAND-USE CHANGE AND FORESTRY (LULUCF)

- There was a high level of agreement on this draft decision.
- There was **agreement on principles** as a guide for LULUCF activities for the first commitment period and beyond, which include:
 - **No crediting** of windfall or natural effects.
 - Credible and transparent **accounting systems**.
- **Article 3.3**: A Party **must account** for any afforestation, reforestation and deforestation activities.
- For most Parties, this will be **a debit** (because deforestation of land results in a large one-off emission which can only be offset by afforestation on that land over a time-frame that is longer than the commitment period).



LAND-USE, LAND-USE CHANGE AND FORESTRY (LULUCF)

- **Article 3.4:** Activities that can contribute to meeting the Protocol targets are:
 - cropland management,
 - grazing land management,
 - revegetation
 - forest management.
- For **cropland management, grazing land management and revegetation activities**, credits can only result from new activities that have occurred since 1990.
- These activities may result in **20-50 million tonnes of carbon per year** of credits during the first commitment period.
- A Party may account for credits from **forest management activities** to compensate for a debit under Article 3.3, up to a limit of **8.2 MtC/yr**.



LAND-USE, LAND-USE CHANGE AND FORESTRY (LULUCF)

- A Party may also account for credits from forest management activities during the first commitment period up to the **caps agreed for individual Parties**
- The total of Annex I Party caps on forest management (without the US) is approximately **54.5 MtC/yr**
- Provision was included to allow Parties to request reconsideration of their cap.
- **Sink activities in the CDM:** An Annex I Party may account for credits from LULUCF CDM projects up to 1% of its base year emissions.
- The total for all Annex I Parties is approximately **33 MtC/yr** (excluding the US).
- The **total credit from sink activities** for Annex I Parties is therefore estimated at around **100-140 MtC/yr** (excluding the US), or **3-4% of base year emissions**.



COMPLIANCE

- The details of the compliance procedure have been agreed.
- Parties have also agreed to establish a **compliance committee**, with a facilitative branch and an enforcement branch.
- The approach to the compliance mechanism agreed by Parties is to emphasize the **facilitation and promotion of compliance**:
 - **Early warning** of potential non-compliance can be given by the Party or through the review of reported information.
 - The **facilitative branch** is to provide assistance to Annex I Parties.
 - The **facilitative branch** will assess whether Annex I Parties meet their **qualitative commitments** relating to making demonstrable progress by 2005 in achieving their commitments, using the mechanisms in a way which is supplemental to domestic action, and minimizing any adverse impacts on developing countries of measures to meet their emissions targets.
 - The facilitative branch will also facilitate assistance to **non-Annex I Parties** in meeting their general commitments.



COMPLIANCE

- The **consequences** of non-compliance with emission targets are:
 - **Deduction of excess emissions at a rate of 1.3 times** in the second commitment period. This is considered a restorative rather than a punitive measure.
 - Development and assessment of a **compliance action plan** providing for policies and measures to prevent recurrence of non-compliance in the next commitment period.
 - **Suspension of eligibility to make transfers** under the mechanisms.

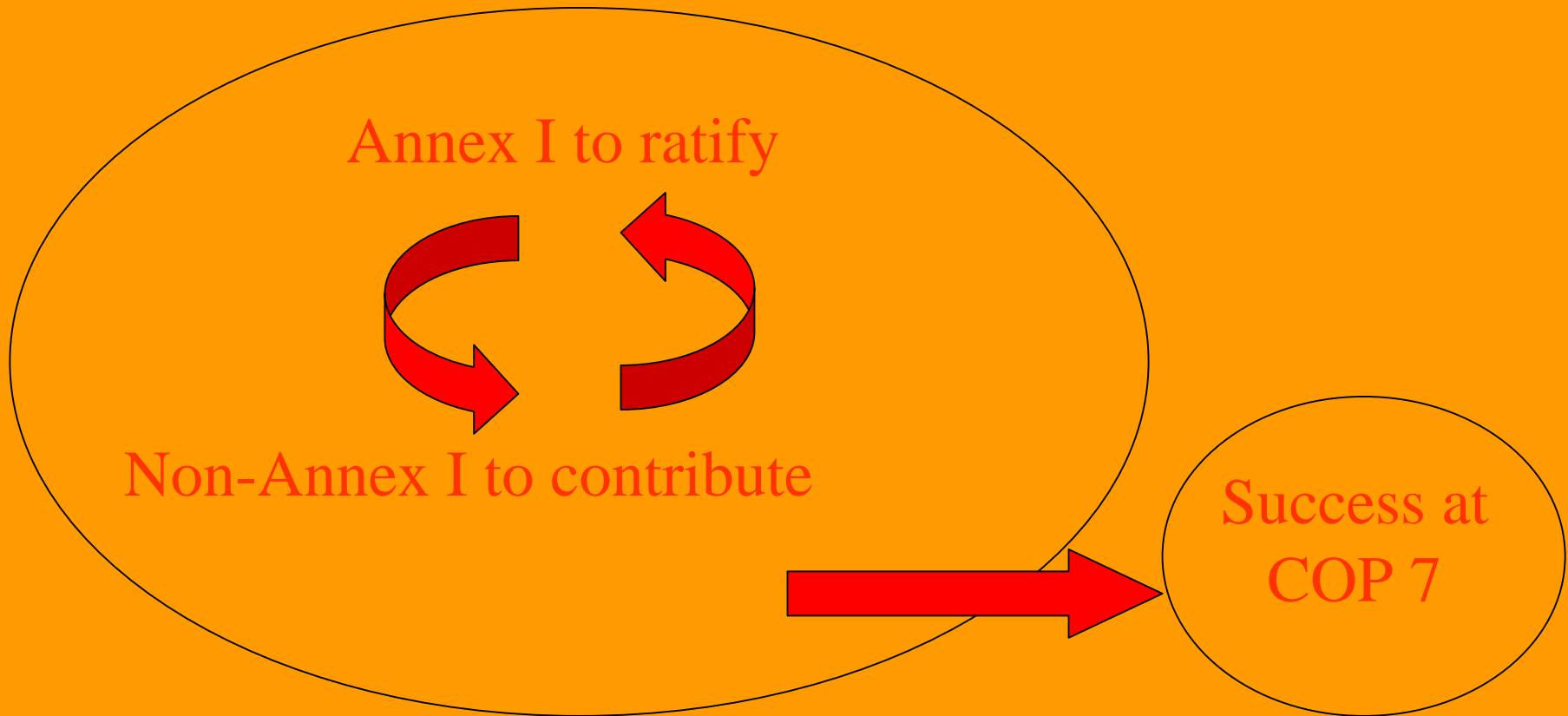


COMPLIANCE

- The **nature of the consequences** for non-compliance with emissions targets was a difficult issue during the negotiations.
- Parties agreed on a two-track approach on **binding consequences**.
- COP7 is to adopt the **compliance mechanism** in decision form and is to recommend COP/MOP1 to adopt it **“in terms of Article 18”**, which states that **“any procedures and mechanisms under this Article entailing binding consequences shall be adopted by means of an amendment to this Protocol”**.
- A Party choosing not to ratify such an amendment could claim that it is not bound by any decisions regarding non-compliance by the compliance committee
- A Party choosing to ratify the amendment would be bound to abide by compliance committee decisions.
- No matter whether the nature of the consequences is binding or non-binding, the enforcement or implementation of the decisions of the enforcement branch of the compliance committee largely relies on good faith of Parties as well as

Negotiations towards COP 7 Marrakech 29 October-9 November

COP 7: definition of success



Will the Kyoto Protocol saved?

