

UPDATES OF THE LATEST GLOBAL DIALOGUE ON THE CLIMATE CONVENTION

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on Climate Change

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Outline of the presentation

- Agreement in Bonn (July 2001)
 - Dynamics of negotiations
 - Key political choices
 - Developing country perspectives
- The Bonn Agreements: Content
 - Incentives for developing countries
 - Incentives for ratification
 - Sinks, mechanisms, compliance
- Agenda for Marrakech
- Achievements at Marrakech
- Beyond Marrakech and Next steps

Dynamics of negotiations

- ✦ IPCC TAR - strong message
- ✦ Desire to succeed after COP6
- ✦ Desire to succeed despite US withdrawal
- ✦ Strong bargaining position of AUS, CAN, JPN, RUS

Key political choices for the Protocol

- “Significant” domestic action (but no “concrete ceiling” for the use of offshore mechanisms)
- High commitment period reserve (for E.trading)
- Projects: Host Party confirms if they assist with sustainable development.
- Nuclear restraint by Annex I
- Controlled use of sinks across the board
- Compliance:
 - Emphasis on facilitation and restoration of non-compliance
 - Automatic consequences of non-compliance with targets
 - COP/MOP 1 to decide whether or not consequences are “binding”

Developing country perspectives

- AI leadership in limiting emissions maintained
- New important principles asserted (e.g. mechanisms)
- Recognition of sustainable development needs, vulnerability
- New funds, managed by the GEF, but no concrete financial commitments
- Prompt start of CDM, but size may be lower than hoped

Carbon sinks

- Agreement on principles for sinks accounting
- Parties must account for afforestation, reforestation and deforestation activities (Article 3.3)
- Other management activities also included: cropland, grazing land, revegetation (Article 3.4)
- Caps on forest management (Article 3.4):
 - all Annex I Parties up to 8.2 MtC/yr each
 - additional credits up to cap specified for each Party (totaling 54.5 MtC/yr without the US)
- CDM sink projects cap (1% of base year emissions)

The Bonn Agreements (I)

- Funding for developing countries
- Technology transfer
- Capacity building
- Adverse effects of climate change
- Impacts of response measures

Complete

- Carbon sinks
- The Kyoto mechanisms
- Compliance

Incomplete

Developing countries: Incentives for action (I)

- Predictable and adequate new **funding** under the Convention and Protocol (**Special Climate Change fund, Adaptation fund and LDC fund**)
- Increased GEF replenishment. Pledges of contributions by AI
- Agreement on a framework on **technology transfer**
- Agreement on a framework for providing **capacity-building** in DCs and EITs

Framework on technology transfer

- Established the Expert Group on Technology Transfer to provide advice and prepare an action plan
- Actions to be developed under the framework:
 - technology needs assessments
 - information flow
 - enabling environments
 - capacity building
 - mechanisms for technology transfer
- Country-driven approach
- Cooperation : private sector, governments, donors, institutions, NGOs, research institutions

Framework for capacity building

- To assist developing countries and EIT countries develop capabilities to achieve the Convention objective
- Agreement on guiding principles
- Sets out the initial scope of capacity building needs
- Identifies actions, including those related to cooperation, information sharing and financing

Developing countries: Incentives for action (II)

- Funding for activities in developing countries to adapt to the **adverse effects of climate change**
- Annex I Parties to minimize the impact of **measures taken to respond to climate change** on developing countries
- A prompt start of the **clean development mechanism**

Annex I: Incentives for ratification (I)

- Controlled use of **sinks** to meet initial targets
 - Permitted activities include management of forest, cropland and grazing land and revegetation
 - Caps agreed for individual Parties for forest management activities (except US). N.B. Russia?
 - Sink projects in CDM (credits may account for 1% of a Party's base year emissions). Rules to be worked out in next two years

Annex I: Incentives for ratification (II)

- A workable set of rules for the 3 mechanisms
 - No “concrete ceiling”
 - “Seller” liability and high commitment period reserve
 - Annex I Parties to meet eligibility requirements
 - Authorized legal entities can transfer and acquire
 - National registries system and transaction log
 - Art. 6 (JI): Eligible host Parties may verify emission reductions (Track 1). When host Party not yet eligible, reductions are verified by independent entities (Track 2)
 - Prompt start of the CDM (election of EB at COP 7)

Annex I: Incentives for ratification (III)

- Establishment of compliance committee
 - Two branches - facilitation and enforcement
- Emphasis on facilitation of compliance and restoration of non-compliance
- Automatic consequences of non-compliance
 - Deduction of excess emissions from next CP at a rate of 1.3
 - Development of a compliance action plan
 - Suspension of eligibility
- COP/MOP 1 to decide whether or not consequences are "binding"

Agenda for Marrakech

- ③ COP 6: Ten complete and Five incomplete decisions
- ③ COP 7: Resolve outstanding **political** issues:
 - ★ Mechanism
 - ★ Sinks
 - ★ Compliance

Achievements at Marrakech

The Clean Development Mechanism and Joint Implementation

- Prompt start of the CDM;
election of executive board took place at COP7
- Host Party confirms if a project assists with sustainable development; Annex I Parties to refrain from using credits from nuclear facilities
- Afforestation and reforestation projects in the CDM; but subject to a cap (1% of base year emissions)
- Public funding of CDM not to divert ODA
- Special procedures for small-scale CDM projects
- An independent verification system also for JI

Emissions trading

- Annex I Parties to meet eligibility requirements
- Legal entities may transfer and acquire if authorized by an eligible Party
- Each Party to maintain a commitment period reserve of AAUs, ERUs and CERs
- Trades to be tracked through an integrated system of national registries and a transaction log
- Parties may integrate domestic trading systems with the international trading regime

Compliance

- Establishment of a compliance committee
- Two branches: enforcement and facilitation
- Emphasis on facilitation and promotion of compliance
- Consequences of non-compliance with targets
 - deduction of excess emissions at a rate of 1.3 times, in the second commitment period
 - development and assessment of a compliance action plan
 - suspension of eligibility to make transfers

Beyond Marrakech

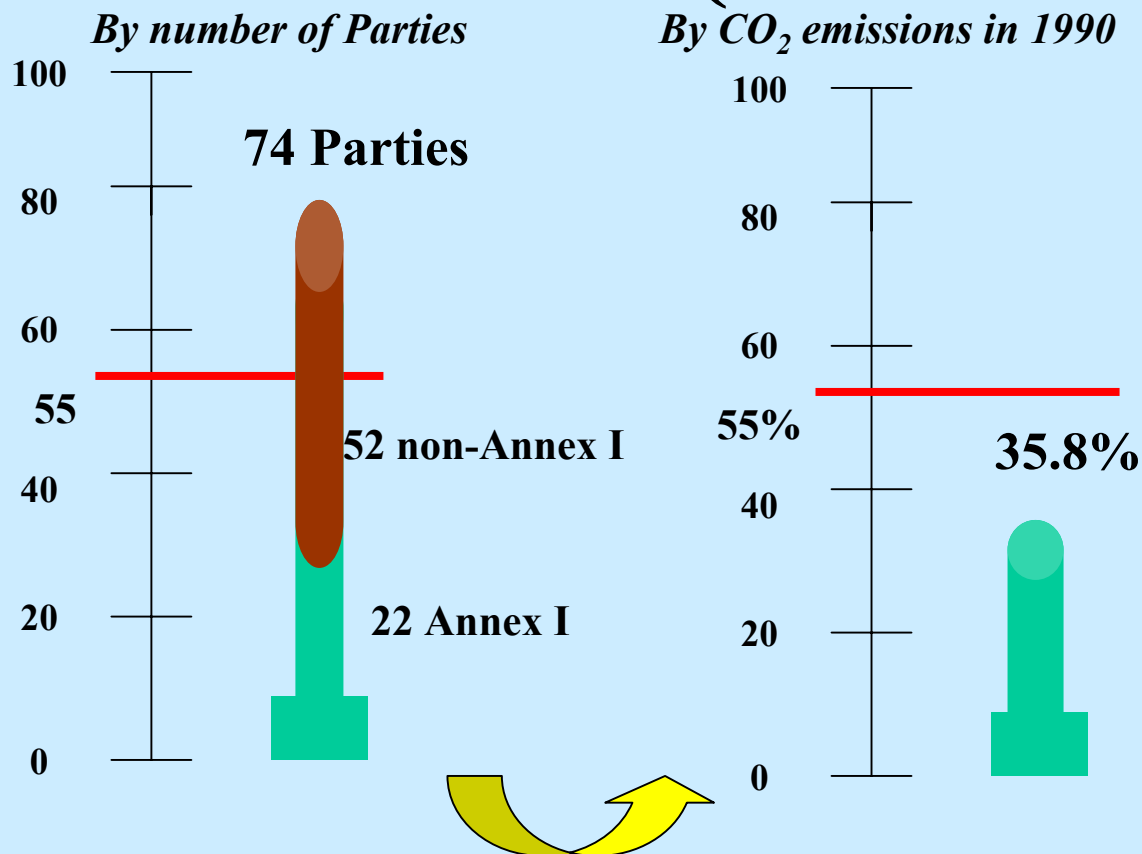
Double Trigger : Entry into force of the Kyoto Protocol

55 Parties, accounting for 55 percent of CO₂ emissions of
All Parties in 1990

EU 24.2	JPN 8.5	AUS 2.1	US 36.1
Others 8.2		CAN 3.3	
		RUS 17.4	

40.9

Ratification status of the Kyoto Protocol (as of 4 June 2002)



- The EU (24.2%) and Japan (8.5%) ratified recently
- The US (36.1%) will not ratify
- Expected ratification by Russia (17.4%) is critical:
 $35.8 + 17.4 = 53.2\%$

Beyond Marrakech

Setting the agenda for this decade:

Review obligations in light of evolving science (IPCC TAR):

- Re-engage the USA
- Engage discussion on
 - Evolution of commitments (burden-sharing)
 - Appropriate emission limitation commitments for NAI
- Maintain focus on impacts on economies dependent on fossil fuels
- Define and measure demonstrable progress (2005)
- Launch second commitment period (by 2005)
- ??Intermediate concentration target (2030-2050)??

Next steps

Future work programme (I)

KP: Consolidation, technical implementation

- Methods and data:
 - inventories and expert reviews
 - baseline setting
 - registries
 - transaction logs
- Efficient institutions

Next steps

Future work programme (II)

Strengthening the capacities of developing countries to address:

- climate change
- its impacts
- impacts of response measures

Frameworks and funds need to be given shape, resources and content

Next steps

Future work programme (III)

Frameworks for:

- capacity building
- technology transfer

Parameters (themes and areas) within which existing operators (GEF/IAs) can function.

Next steps

Future work programme (IV)

New funding

under the Convention:

- Special fund
- LDC fund

under the Kyoto Protocol:

- Adaptation fund

Next steps

Future work programme (V)

- New guidelines for NAI communications
- Work programme for LDC's
- Impact of response measures
- Education, training and public awareness
(UNFCCC Art. 6)
- Synergies with biodiversity and desertification

Key milestones for the Convention and the Protocol to 2008

Annex I Party compliance¹

Means of meeting Annex I Party targets²

NAI/EIT support³

Key events

2001
COP 7

2002

COP 8

2003

COP 9
COP/MOP 1

2004

COP 10
COP/MOP 2

2005

COP 11
COP/MOP 3

2006

COP 12
COP/MOP 4

2007

COP 13
COP/MOP 5

- Submission of 3rd NC

- Adopt revised inventory reporting and review guidelines (after trial period)

- Decision on reporting of demonstrable progress

- Review of 40 GHG inventories

- Establish compliance committee

- Submit first AA reports - to initiate pre-CP reviews; compliance committee expedited procedure; annual Art. 7.1 reporting & Art. 8 reviews (including base years & national systems)

- Incorporate AA info into GHG dbase
- Establish C&A database

- Possible deadline for 4th NC?

- Reports on demonstrable progress due (will need evaluation)

- Latest date for national systems for inventories in place
- Latest date for submitting AA reports

- Complete the review of 4th NC

- Prompt start of the CDM

- Adopt AIJ uniform reporting format

- Designate CDM operational entities
- Adopt technical standards for registries

- Adopt decisions on LULUCF methods
- Adopt modalities for sinks in the CDM
- Establish Art.6 Supervisory Committee
- Replace non-KP Parties on the CDM-EB

- Latest date for establishing the transaction log
- Adopt LULUCF decisions on biome definitions & factoring out

- Earliest date for participation in ET & JI (16 months after AA report submitted)

- TT: CLEAR to be established
- C&S of up to 90 1st NC by COP 8
- Review of NC guidelines; review of CGE mandate; review of GEF activities in developing countries
- 2nd comprehensive review of FM
- Discussions of insurance measures
- 1st annual review of A-II contributions

- 1st review of A-I adaptation funding

- COP 1st review of CB frameworks
- Review of the work/TOR of LEG
- C&S of 2nd NC, C&S of 100 1st NC?
- COP/MOP to endorse CB frameworks

- Review of CGE mandate?

- Review of the work/TOR of TEG
- 3rd comprehensive review of FM

Adoption of all
COP/MOP decisions

Negotiations
on 2nd CP start

Achievement of
demonstrable progress

IPCC 4th
assessment
report?

Start of
first CP

Assumption: COP/MOP1 in 2003

Dark blue shaded points are Kyoto Protocol related issues

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Key milestones for the Convention and the Protocol to 2003 (COP/MOP 1)

Annex I Party compliance¹

Means of meeting Annex I Party targets²

NAI/EIT support³

Key events

2001
COP 7

2002

COP 8

2003

COP 9
COP/MOP 1

- Submission of 3rd NC

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- TT: CLEAR to be established
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- COP 1st review of CB frameworks
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- COP/MOP to endorse CB frameworks

Adoption of all COP/MOP decisions

Assumption: COP/MOP1 in 2003

Dark blue shaded points are Kyoto Protocol related issues

Key milestones for the Convention and the Protocol 2004 - 2008

Annex I Party compliance¹

Means of meeting Annex I Party targets²

NAI/EIT support³

Key events

2003
COP/MOP 1

2004

COP 10
COP/MOP 2

- Submit first AA reports - to initiate pre-CP reviews; compliance committee expedited procedure; annual Art. 7.1 reporting & Art. 8 reviews (including base years & national systems)
- Incorporate AA info into GHG dbase
- Establish C&A database

- Latest date for establishing the transaction log
- Adopt LULUCF decisions on biome definitions & factoring out

Adoption of all COP/MOP decisions

2005

COP 11
COP/MOP 3

- Possible deadline for 4th NC?

- Earliest date for participation in ET & JI (16 months after AA report submitted)

- Review of CGE mandate?

Negotiations on 2nd CP start

Achievement of demonstrable progress

2006

COP 12
COP/MOP 4

- Reports on demonstrable progress due (will need evaluation)

- Review of the work/TOR of TEG
- 3rd comprehensive review of FM

IPCC 4th assessment report?

2007

COP 13
COP/MOP 5

- Latest date for national systems for inventories in place
- Latest date for submitting AA reports

- Complete the review of 4th NC

Start of first CP

2008

Assumption: COP/MOP1 in 2003

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Thank you!