



## **Fact sheet: Key decisions expected to come out of the United Nations Climate Change Conference in Bali (3 – 14 December)**

### **What is at stake**

This year's scientific report from the UN's Intergovernmental Panel on Climate Change (IPCC) has made clear beyond doubt that climate change is a reality and can seriously harm the future development of our economies, societies and eco-systems worldwide. Immediate action is needed to be able to prevent the most severe impacts. Since climate change is a global issue, tackling climate change and its impacts can only be successfully coordinated at the international level. The UN Framework on Climate Change presents the appropriate forum to do this. It has been expanded by the Kyoto Protocol which includes emission reduction commitments for developed countries over the period 2008–2012.

### **What the conference can deliver**

The main goal of the Bali Conference is to deliver this necessary breakthrough and get negotiations going on a new international climate change agreement. The Bali Conference will not deliver a fully negotiated and agreed climate deal but is aimed to set the necessary wheels in motion. Parties need to agree on the key areas which the new climate agreement should cover, such as mitigation - including avoided deforestation - adaptation, technology and financing. They also need to agree on when the talks and negotiations will conclude so that the new climate change deal can be ratified by national governments before the end of 2012. Furthermore, countries should decide on the organisational and procedural arrangements to get to this result.

### **Expected key decisions in detail**

#### **Talks and negotiations on the future**

At Bali, the report of the "Dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention" will be presented to the Conference of the Parties. The Dialogue comprises all 192 Parties to the Convention and was initiated in 2005 to explore strategic approaches to climate change in addition to negotiations under the Kyoto Protocol. The Dialogue met a total of four times in 2006 and 2007. Following the report on the Dialogue on 3 December, Parties will discuss next steps on enhancing long-term cooperative action to address climate change. At the end of the conference, a decision is expected launching a new process to shape a deal on a post-2012 climate change regime.

#### **Ongoing negotiations under the Kyoto Protocol**

At a UN meeting in Vienna this year, the 176 Parties to the Kyoto Protocol officially recognised that avoiding the most catastrophic forecasts made by the IPCC, including very frequent and severe droughts and water-shortages in large parts of the world, would entail emission reductions in the range of 25-40% below 1990 levels by industrialised countries. This range will be used as a reference towards an agreement on further commitments for Annex I Parties under the Protocol. At Bali, the "Ad Hoc Working Group on Further

Commitments for Annex I Parties under the Kyoto Protocol ” (AWG) will decide on a deadline for delivering agreement on legally binding emission reduction commitments under the Protocol and plan its work for 2008.

### **Practical adaptation actions**

Climate change impacts are already being observed around the world, with developing countries and poor communities bearing the brunt of the impacts. One focus of the Bali conference will be the concrete implementation of adaptation action. Following a two-year process of regional expert workshops aimed at identifying adaptation needs and concerns, delegates will discuss ways of promoting practical action on adaptation, including preventive adaptation. Decisions are expected on integrating adaptation in national planning, on the possibility of initiating a National Adaptation Plan of Action (NAPA) process for developing countries that are not Least Developed Countries (LDCs), capacity-building, education, training and public awareness, insurance-related actions, and cooperation, including north-south and south cooperation.

### **Adaptation fund**

The Kyoto Protocol’s Adaptation Fund is designed to finance concrete adaptation projects and programmes in developing countries that are Parties to the treaty and that are particularly vulnerable to the adverse effects of climate change. From 2008, the beginning of the Kyoto Protocol’s first commitment period, the fund is to be financed with a share of proceeds from certified emission reductions (CERs) issued from clean development mechanism (CDM) project activities and other sources of funding. The share of proceeds amounts to 2 per cent of CERs issued for a CDM project activity. For the Fund to become operational, institutional arrangements to manage the Adaptation Fund such as the composition and the appointment of a governing body must be agreed at Bali.

### **Technology**

Under the UNFCCC, industrialised countries are obliged to take practicable steps to promote, facilitate and finance the transfer of, or access to, environmentally sound technologies and know-how to developing countries in order to reduce emissions. The UNFCCC’s Expert Group on Technology Transfer (EGTT) is tasked to enhance the transfer of technologies. As a result of the work of the EGTT over the past 6 years, the private sector and in particular the finance community has expressed its strong interest to support the ongoing work of the EGTT on innovative financing. A decision is expected to extend the mandate of an expert group on technology to continue its work up to 2012 on for example innovative finance, including increasing private sector involvement in technology transfer, on technologies for adaptation and on other areas to enhance technology cooperation and transfer.

### **Reducing emissions from deforestation**

Deforestation results in the immediate release of the carbon stored in trees as CO<sub>2</sub> emissions and is recognized to be a key driver of climate change. Deforestation accounts for around 20% of global greenhouse gas emissions and up to 60% percent of emissions in some developing

countries. The phenomenon is mainly the result of clearing land for agriculture. A proposal to reduce emissions from deforestation in developing countries was first introduced at Montreal in 2005. At Bali, Parties are expected to adopt a decision to launch capacity building activities and pilot projects in developing countries that will enhance the capacity of these countries to reduce emissions from deforestation. The decision would also launch methodological work required in order to estimate emissions from deforestation.

**Carbon market**

According to the Intergovernmental Panel on Climate Change (IPCC) the large scale application of the technology Carbon Capture and Storage (CCS) could reduce the costs of mitigating climate change by as much as 20%. With the help of this CCS, carbon dioxide produced by combustion processes is removed at source and stored in underground reservoirs. At Bali, Parties to the Kyoto Protocol will prepare a decision to be taken in 2008 on the extent to which CCS could be credited under the Kyoto's clean development mechanism (CDM). The meeting will also look at expanding the scope of small scale afforestation and reforestation projects under the CDM and at the implications of new HFC-23 plants seeking to obtain emission credits. The Kyoto Protocol allows the destruction of the potent greenhouse gas HFC-23, a by-product of the production of the coolant HCFC-22 to be credited under the CDM. In addition, Parties will take stock of progress made under the CDM and the Joint Implementation, the Kyoto mechanisms which allows developed countries to invest in other developed countries, in particular central and eastern European transition economies, and thereby earn carbon allowances which they can use to meet their emission reduction commitments. Countries will also assess the status of the ITL, the computerized system that ensures that emissions trading among Kyoto countries is fully consistent with the rules established under the UN Treaty.