



COMPLIANCE COMMITTEE

CC/4/2007/3
27 August 2007

Annual report of the Compliance Committee to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

Note by the secretariat

1. Under section XII (b) of the “Procedures and mechanisms relating to compliance under the Kyoto Protocol” (annex to decision 27/CMP.1), the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol is to consider the reports of the plenary of the Compliance Committee on the progress of its work.
2. The attached draft is presented to the plenary for its consideration. It may be noted that some paragraphs will be added based on conclusions in the fourth meeting.

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**CONFERENCE OF THE PARTIES SERVING AS THE
MEETING OF THE PARTIES TO THE KYOTO PROTOCOL**
Third session
Bali, 3–14 December 2007

Item 7 of the provisional agenda
Report of the Compliance Committee

Annual report of the Compliance Committee to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol*

Summary

The second annual report of the Compliance Committee to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) covers activities undertaken from 18 November 2006 to 7 September 2007.

The report provides information on matters addressed by the Compliance Committee during the reporting period and makes a proposal with regard to additional resources required by the Committee.

* This document was submitted late to take into account the outcomes of the fourth meeting of the plenary of the Compliance Committee, which took place from 5 to 7 September 2007.

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I. Introduction

A. Mandate

1. Under section III, paragraph 2 (a), of the “Procedures and mechanisms relating to compliance under the Kyoto Protocol” (annex to decision 27/CMP.1; hereinafter referred to as procedures and mechanisms) the plenary of the Compliance Committee is to report on the activities of the Committee to each ordinary session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).

B. Scope of the report

2. The second annual report of the plenary of the Compliance Committee covers the period from 18 November 2006 to 7 September 2007. It summarizes the work of and matters addressed by the Compliance Committee during that period.

C. Action to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

3. In accordance with section XII of the procedures and mechanisms, the CMP may wish to take note of the annual report of the Compliance Committee.
4. The CMP may also wish to:
- (a) Invite the President to undertake consultations on the nominations of members and alternate members of the Compliance Committee, as necessary, and to elect members and alternate members;
 - (b) Invite Parties to make contributions to the Trust Fund for Supplementary Activities for the biennium 2008–2009 to support the work of the Compliance Committee.
5. The CMP may also wish to consider the proposal of the Committee, referred to in paragraph 20 of this report, made in accordance with section III, paragraph 2 (c), of the procedures and mechanisms, in relation to funding and travel arrangements for the participation of all members and alternate members in the meetings of the plenary of the Committee, the meetings of the bureau, and the meetings and deliberations of the two branches of the Committee.

II. Organizational matters

6. The plenary of the Compliance Committee held one meeting in Bonn, from 5 to 7 September 2007 during the reporting period.
7. The facilitative branch met once in Bonn (on 6 September 2007), as did the enforcement branch (from 5 to 6 September 2007).
8. The agenda and annotations, documentation supporting agenda items, and the chairpersons’ report on each meeting of the plenary and the facilitative and enforcement branches are publicly available on the UNFCCC website.¹ A list of the documents of the Compliance Committee for the reporting period is contained in annex I to this report.

¹ <http://unfccc.int/kyoto_protocol/compliance/items/2875.php>

A. Membership in the Compliance Committee

9. The members and alternate members of the Compliance Committee who were present at the plenary meeting of September 2007 took their oath of service, in accordance with rule 4, paragraph 2, of the “Rules of procedure of the Compliance Committee of the Kyoto Protocol” (annex to decision 4/CMP.2; hereinafter referred to as rules of procedure). Members and alternate members who were unable to attend the plenary meeting of September 2007 will be invited to take their oath of service at the next meeting of plenary of the Committee or the branch to which they have been elected, whichever comes first.

10. In accordance with rule 3, paragraph 1, of the rules of procedure, the term of service of each member and alternate member starts on 1 January of the calendar year immediately following his or her election and ends on 31 December, two or four years thereafter, as applicable.

11. The list of members and alternate members whose terms expire on 31 December 2007 is contained in annex II to this report.

12. Under section IV, paragraph 2, section V, paragraph 2, and section II, paragraph 5, of the procedures and mechanisms, the CMP is to elect five new members to serve in the facilitative branch, five new members to serve in the enforcement branch, and an alternate member for each new member, respectively, all for a term of four years.

B. Transparency, communication and information on the Compliance Committee

13. To facilitate access by members and alternate members of the Compliance Committee to information that they require for their deliberations on questions of implementation within a secure environment, the secretariat developed and provides a secure web-based work place to the Compliance Committee. This facility has been used by the secretariat to consult the bureau on matters relating to the fourth meeting of the plenary of the Compliance Committee, and to disseminate information to the members and alternate members of the Committee regarding the fourth meeting of the plenary, the second meeting of the enforcement branch, and the fifth meeting of the facilitative branch.

14. Pursuant to rule 9, paragraph 1, of the rules of procedure, the fourth meeting of the plenary, the second meeting of the enforcement branch, and the fifth meeting of the facilitative branch were recorded and broadcast on the Internet through the UNFCCC website. The plenary also decided, at its fourth meeting, that the provisions of rule 9 of the rules of procedure would further be operationalized by [add text based on discussions at the September meeting of the plenary].

C. Privileges and immunities for members and alternate members of the Compliance Committee

15. In accordance with the conclusions of the Subsidiary Body for Implementation (SBI) at its twenty-sixth session relating to privileges and immunities for individuals serving on constituted bodies established under the Kyoto Protocol,² the Committee notes that to date, no concerns or issues relating to the privileges and immunities of the Compliance Committee or individuals serving in the Committee with regard to their official functions have been raised. The Committee is, however, closely following discussions of the SBI and the CMP on this item.

² FCCC/SBI/2007/15.

III. Work undertaken in the reporting period

A. Reports of expert review teams under Article 8 of the Kyoto Protocol

16. In accordance with section VI, paragraph 3, of the procedures and mechanisms, the secretariat forwarded the reports of the centralized in-depth review of the fourth national communications of Denmark, Greece, Iceland, Japan, Latvia, New Zealand, Slovenia, and the United Kingdom of Great Britain and Northern Ireland to the Compliance Committee.³ The secretariat also forwarded the report of the review of the initial reports of Austria, Japan and Switzerland to the Compliance Committee. [Add any other reports forwarded to the Compliance Committee on or before 7 September 2007.] For purposes of rule 10, paragraph 2, of the rules of procedure, the reports were considered received by the secretariat on the date of publication of these reports.

B. Eligibility requirements under Articles 6, 12 and 17 of the Kyoto Protocol: initial eligibility

17. During its second meeting on 6 September, the enforcement branch discussed the issue of initial eligibility under Articles 6, 12 and 17, in particular with respect to Compliance Committee treatment of expert review team reports that do not contain questions of implementation. More specifically, the enforcement branch examined the issue of possible operationalization of provisions for eligibility at a date earlier than the 16 months from submission of the initial report of a Party included in Annex I to the Convention required under paragraph 2 of decision 13/CMP.1 and paragraph 6 of the annex to decision 13/CMP.1. The enforcement branch considered the relevant provisions of the procedures and mechanisms in relation to paragraph 32 of the annex to decision 3/CMP.1, paragraph 22 of the annex to decision 9/CMP.1 and paragraph 3 of the annex to decision 11/CMP.1.

18. After extensive discussions, the enforcement branch decided that . . . [More text to be added after discussion by the enforcement branch and plenary in September.] It also decided to report on the outcomes of its discussions to the next plenary meeting of the Compliance Committee.

19. At its fourth plenary meeting, the Committee noted the decision of the enforcement branch. In accordance with section III, paragraph 2 (a), of the procedures and mechanisms, the decision taken by the enforcement branch is contained in annex III to this report.

IV. Participation of members and alternate members

20. The Committee reiterates its recommendation, made in its first report to the CMP⁴ that all members and alternate members of the Committee receive support for their travel-related expenses, and that when the duration of a journey to meetings of the Compliance Committee is nine hours or longer, members and alternate members travel business class. The Compliance Committee is of the view that adoption of these recommendations is necessary for members and alternate members to maintain their independence and to ensure that a quorum is reached for Committee meetings and deliberations that may be held at short notice.

³ Between the reporting period covered by the first annual report of the Compliance Committee to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (FCCC/KP/CMP/2006/6) and the reporting period covered by this report, the secretariat forwarded the reports of the centralized in-depth reviews of the fourth national communications of the following Parties to the Compliance Committee: Lithuania (CC/ERT/2006/4) and Switzerland (CC/ERT/2006/5) on 25 September 2006 and Sweden (CC/ERT/2006/6), Estonia (CC/ERT/2006/7), and Norway (CC/ERT/2006/8) on 5 October 2006.

⁴ FCCC/KP/CMP/2006/6.

V. Availability of resources

A. Budget and expenditures for the work of the Compliance Committee

21. For the biennium 2006–2007, a total of USD 540,000 was available for the Compliance Committee from the programme budget.⁵ It is projected that by the end of the biennium, eighty-five per cent of this amount would have been used to cover the costs of travel and daily subsistence allowance for members and alternate members of the Compliance Committee eligible for funding for attending meetings of the plenary and the branches, operational expenses relating to the meetings of the plenary and the branches,⁶ and the costs of staff supporting the Compliance Committee.

22. Of the USD 697,160 under the item “Support for the Compliance Committee” of the resource requirements from the Trust Fund for Supplementary Activities⁷ contributions of USD 394,143 were received for the biennium. It is projected that by the end of the biennium, thirty-eight per cent of this amount would have been used to cover expenses relating to the travel and logistics of branch meetings of the Compliance Committee.⁸ Unspent balances under the Supplementary Fund at the end of 2007 will be carried over to the next biennium. The Committee expresses its thanks to the following Parties that made contributions to the Trust Fund for Supplementary Activities to support the work of the Compliance Committee in the biennium 2006–2007: Belgium, Finland, Japan, Luxembourg, the Netherlands, Norway, Spain, and Switzerland.

23. Projected expenses of the Compliance Committee were based on best efforts to ascertain the volume of business of a new constituted body that had not existed prior to 2006. The estimates depended in large part on analysis of trends in review and reporting under the Convention as well as comparison with requirements for review under Article 8 of the Kyoto Protocol. In addition, consideration was given to the possible submission of questions of implementation by a Party with respect to itself or with respect to another Party, in accordance with section VI, paragraph 1, of the procedures and mechanisms. One such submission was made in the reporting period covered by the last report of the Committee to the CMP. Projections also took into account the need for capacity to respond in a timely fashion to the demanding requirements of relevant decisions by the CMP.

24. Given the number of uncertainties and considerations to be taken into account, it is difficult to predict the number of meetings required. While the facilitative and enforcement branches have had fewer meetings than estimated projections have always indicated that more meetings would be required in the last quarter of 2007 and the first half of 2008.

B. Resources required for the biennium 2008–2009

25. The resources in support of the Compliance Committee in 2008–2009 will come from:

- (a) The UNFCCC programme budget (core), funded by indicative contributions by Parties (50 per cent);
- (b) The Trust Fund for Supplementary Activities, funded by voluntary contributions by Parties (50 per cent).

⁵ FCCC/SBI/2005/8/Add.1.

⁶ For 2006, majority of the operational expenses relating to the meetings of the plenary and the branches were funded from the Trust Fund for the Special Annual Contribution from the Government of Germany (the Bonn Fund).

⁷ FCCC/SBI/2005/8/Add.2.

⁸ Funds have been set aside for any additional branch meetings that may occur during the last quarter of 2007.

26. For the biennium 2008–2009, a total of USD 695,650 from the Trust Fund for Supplementary Activities will be required to support the Compliance Committee.⁹ If financial support is provided for the travel-related costs of all members and alternate members of the Compliance Committee, an additional amount of USD 514,500 will be needed for travel costs in the biennium 2008–2009. The Committee requests the CMP to invite Parties to make contributions to the Trust Fund for Supplementary Activities for the biennium 2008–2009 to support the work of the Compliance Committee.

⁹ FCCC/SBI/2007/8/Add.2.

Annex I**Documents of the Compliance Committee¹****PLENARY**

Title	Document No.	Date
<u>4th meeting</u>		
Provisional agenda and annotations	CC/4/2007/1	27 July 2007
Addendum to the provisional agenda	CC/4/2007/1/Add.1	27 August 2007
Operationalizing rule 9. Note by the secretariat	CC/4/2007/2	x August 2007
Annual report of the Compliance Committee to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol. Note by the secretariat	CC/4/2007/3	27 August 2007
Report on the meeting	CC/4/2007/4	x September 2007

ENFORCEMENT BRANCH

Title	Document No.	Date
<u>2nd meeting</u>		
Provisional agenda and annotations	CC/EB/2/2007/1	27 July 2007
Addendum to the provisional agenda	CC/EB/22/2007/1/Add.1	27 August 2007
Eligibility requirements under Articles 6, 12 and 17 of the Protocol: initial eligibility. Note by the secretariat.	CC/EB/2/2007/2	2 August 2007
Report on the meeting	CC/EB/2/2007/3	x September 2007

FACILITATIVE BRANCH

Title	Document No.	Date
<u>5th meeting</u>		
Provisional agenda and annotations	CC/FB/5/2007/1	27 July 2007
Report on the meeting	CC/FB/5/2007/2	x September 2007

¹ The documents are available on the UNFCCC website at:
<http://unfccc.int/kyoto_mechanisms/compliance/items/2875.php>.

REPORTS OF EXPERT REVIEW TEAMS FORWARDED TO THE COMMITTEE UNDER SECTION VI, PARAGRAPH 3, OF THE ANNEX TO DECISION 27/CMP.1

Title	Document No.	Date
Report of the centralized in-depth review of the fourth national communication of the United Kingdom and Northern Ireland	CC/ERT/2007/1	24 January 2007
Report of the centralized in-depth review of the fourth national communication of New Zealand	CC/ERT/2007/2	24 January 2007
Report of the centralized in-depth review of the fourth national communication of Iceland	CC/ERT/2007/3	30 January 2007
Report of the centralized in-depth review of the fourth national communication of Denmark	CC/ERT/2007/4	5 February 2007
Report of the centralized in-depth review of the fourth national communication of Slovenia	CC/ERT/2007/5	8 February 2007
Report of the centralized in-depth review of the fourth national communication of Greece	CC/ERT/2007/6	8 February 2007
Report of the centralized in-depth review of the fourth national communication of Latvia	CC/ERT/2007/7	8 February 2007
Report of the centralized in-depth review of the fourth national communication of Japan	CC/ERT/2007/8	16 February 2007
Report of the review of the initial report of Austria	CC/ERT/IRR/2007/1	10 August 2007
Report of the review of the initial report of Japan	CC/ERT/IRR/2007/2	17 August 2007
Report of the review of the initial report of Switzerland	CC/ERT/IRR/2007/3	22 August 2007

Annex II**Members and alternate members of the Compliance Committee
whose terms expire on 31 December 2007****Enforcement Branch**

Member	Alternate	Group
Mr. Nuno S. Lacasta	Mr. René J. M. Lefeber	Western Europe and Others
Mr. Amjad Abdulla	Ms. Mary J. Mace	small island developing States
Mr. Oleg Shamanov	Mr. Vladimir Tarasenko	Eastern Europe
Mr. Stephan Michel	Ms. Kirsten Jacobsen	Annex I Parties ¹
Mr. Ilhomjon Rajabov	Mr. Ainun Nishat	Non-Annex I Parties ²

Facilitative Branch

Member	Alternate	Group
Mr. Marc Pallemarts	Mr. Pierre Ducret	Western Europe and Others
Mr. Tuiloma Neroni Slade	Mr. Héctor Conde Almeida	small island developing States
Mr. Krzysztof Kaczmarek	Mr. Valeriy Sedyakin	Eastern Europe
Ms. Anna Dixelius	Mr. Nicola Notaro	Annex I Parties ¹
Mr. Mamadou Honadia	Ms. Inar Ichsana Ishak	Non-Annex I Parties ²

¹ Parties included in Annex I to the Convention.

² Parties not included in Annex I to the Convention.

Annex III

Decisions by the enforcement branch of the Compliance Committee

[Paste text of enforcement branch decision.]
