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Item 11 of the provisional agenda

Review of the Kyoto Protocol pursuant to its Article 9

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Submissions from Parties

Addendum

1. In addition to the 10 submissions contained in document FCCC/KP/CMP/2006/MISC.3, and the two submissions contained in FCCC/KP/CMP/2006/MISC.3/Add.1, two further submissions have been received.
2. In accordance with the procedure for miscellaneous documents, the submissions are reproduced* in the language in which they were received and without formal editing.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

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PAPER NO. 1: ALGERIA

Algeria's views on the first review of the Kyoto Protocol in accordance with Article of the Protocol.

According to Art. 9 this is a first review of the Protocol, which will be followed by other reviews taking place at regular intervals and in a timely manner. It is to be coordinated with pertinent reviews under the Convention.

The purpose of this first review should be to assess whether the Protocol is achieving its task and to make any adjustments which would help better achieve the Protocol's task.

The parameters of the Kyoto Protocol, as defined in the Berlin Mandate decision, were:

(1) to strengthen commitments of developed countries and other Parties included in Annex I and (2) not to introduce any new commitments for Parties not included in Annex I.

Any outcome of the present review should not deviate from these parameters.

Two shortcomings of the Protocol are identified below and it is proposed to correct them in the course of this first review:

I. Expanding the reach of the Protocol within Annex I Parties.

Initially, Annex I parties had been committed under the Convention to aim at returning individually or jointly by 2000 their anthropogenic emissions of greenhouse gases to their 1990 levels. The Protocol then defined for these Parties individual quantified emission limitations or reduction commitments which were to strengthen their commitments regarding greenhouse gas emissions. Most Annex I Parties have ratified the Protocol and thereby accepted the related commitments. Procedures to determine compliance referred to under Article 18 will tell, after the end of the first commitment period, whether such Parties have met their commitments. Some other Annex I Parties however decided not to ratify the Protocol. One such Party states it intends to comply with its emission limitation commitment under the Protocol. Another one, very large emitter, has adopted policies allowing significant growth of its emissions above its reduction commitment under the Protocol.

While these Parties are staying out of the Protocol, it is widely reported that many state and local authorities within these countries are enacting and implementing policies aiming at significant emission reductions through such measures as increased use of renewable sources of energy, notably in the power sector, and improved fuel efficiency of vehicles. Parties to the Protocol should not ignore such efforts and should instead recognize, welcome and encourage them. Consideration should be given to establishing a formal linkage between the Protocol process and such activities.

It is therefore proposed that a working group be given the task of examining the feasibility of an Annex I Regional (or Sub-National) Activities Programme under the Kyoto Protocol.

For that purpose, the following could be given consideration:

- identification of representative state and local authorities;
- submission of progress reports covering the recent past and the Protocol's first commitment period;
- confirmation of the availability of state and local systems for the estimation of greenhouse gas emissions with an accuracy comparable to that required from national systems under Article 5;
- commitment to emissions reductions efforts in the second commitment period comparable to those agreed for Annex I Parties under the Kyoto Protocol;
- eligibility to participate in the Kyoto mechanisms referred to in Articles 6, 12 and 17;
- modalities for recovering program costs from participants;

- possible forms of an agreement between the CP/MOP and state and local authorities;

Interested state and local authorities in Annex I Parties that have not ratified the Kyoto Protocol would be invited to participate in the work of the working group.

The establishment of such a program could result in enlisting the participation of significant additional segments of developed economies in international efforts to reduce greenhouse gas emissions under the Kyoto Protocol.

II. Correcting an inequitable situation in adaptation funding.

The Convention provides in Article 4.4 that the developed country Parties shall assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.

Article 12.8 of the Protocol on the Clean Development Mechanism (CDM) provides that a share of proceeds from certified project activities is to be used to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the cost of adaptation. Decision 17/CP.7 established that levy at 2 percent of proceeds. Decision 3/CMP.1 confirmed that.

No similar provision was made in the Protocol for Article 6 projects or emissions trading under Article 17. Proposals, made during the negotiations of the Bonn Agreements and the Marrakech accords, to extend this levy to these other mechanisms, were rejected by Annex I Parties.

As a result of the Protocol provisions and subsequent modalities of implementation, CDM projects aiming at the sustainable development of developing countries have to pay a levy in order to assist vulnerable developing countries in meeting adaptation costs.

This levy places the projects at a competitive disadvantage vis-à-vis Article 6 projects and transfers under Article 17, particularly those from countries whose assigned amount exceeds “business as usual” projected emissions. The competitive disadvantage was recognized when projects established in least developed countries were (rightly) exempted from the levy in order to improve their chances of being launched.

The levy provides funding in order to meet a commitment placed by Article 4.4 of the Convention Annex II Parties and not on developing countries. No arrangements have been made to collect funding from Annex II Parties to meet this commitment. Instead, funding through the Global Environment Facility (GEF) was carefully limited to initial, lower-costs phases of action to address adaptation. No reliable information is available on any bilateral funding since no regular specific reporting on the implementation of this commitment by Annex II Parties was organized.

This levy, borne by sustainable development projects in developing countries, has the dubious distinction of being the only non-voluntary contribution under the climate change process. By contrast, the seemingly imperative commitment of Annex II Parties in Article 4.3 of the Convention (“The developed country Parties included in Annex II shall provide ...financial resources needed by the developing countries...”) is matched by the payment of voluntary contributions through the GEF.

This situation needs urgent correction.

It is therefore proposed to establish levies on the proceeds of Article 6 projects and on transfers made under emissions trading in accordance with Article 17 similar to that referred to Article 12.8. The level of these levies should be higher than that applied to CDM projects (e.g. 5 percent). Funds thus collected would be paid into the Adaptation Fund or could be applied to meet other priority needs of developing country Parties under the climate change process. Should no agreement be achieved on the establishment of such levies, an alternative way to correct the inequitable situation would be to amend Article 12.8 of the Protocol to abolish the tax on CDM projects and to seek other arrangements to collect funding from developed countries in order to assist vulnerable developing countries in meeting adaptation costs..

PAPER NO. 2: REPUBLIC OF KOREA

**Submission by the Republic of Korea
On Article 9 of the Kyoto Protocol**

The Republic of Korea welcomes the first review of the Kyoto Protocol in accordance with Article 9 of the Protocol at the second session of the Conference of the Parties serving as the meeting of the Parties to the Protocol.

To derive substantial outcomes at this review, Korea deems it appropriate to consider the factors that can influence the success of the review. Among these issues, it should be particularly noted that the Kyoto Protocol is at its primary stages of implementation after coming into effect in 2005, and that the intergovernmental Panel on Climate Change will issue its Fourth Assessment Report in 2007, which will have significant implications on the future climate change regime.

Korea views that the first review should focus on identifying the barriers and obstacles to the implementation of the Kyoto Protocol, rather than aiming for its modification or revision. The issues of the Kyoto Protocol can be categorized into different groups depending on the nature of the barriers and obstacles.

The first group of key issues in the implementation of the Kyoto Protocol consists of the Clean Development Mechanism (CDM), emissions trading, technology development and transfer, and assistance for adaptation to climate change. While this group of issues has already been extensively discussed, much room still remains for further efforts and improvement.

The second group consists of issues prescribed by the Kyoto Protocol but not yet reviewed by Parties in a serious manner. The issues of 'demonstrable progress', which will be reviewed on the basis of the national communications of the Annex I Parties, and bunker fuels warrant greater attention from the members.

The third group consists of issues that are under discussion but require the incorporation of diverse perspectives. Given their great potential to tackle the challenges of climate change, best practices of policies and measures related to these issues should be widely disseminated and shared. Education and other activities conducive to enhancing public awareness should also be considered as crucial components of mitigation and adaptation activities.

Article 9 of the Kyoto Protocol stipulates that further reviews shall take place at regular intervals in a timely manner. One way to conduct these reviews would be to divide them according to coverage area, along the lines of those reviews related to the implementation of the Protocol and those related to the review of the Protocol itself.

The review process in accordance with Article 9 of the Kyoto Protocol will influence the two-track process set up by the Montreal climate change conference in December 2005, i.e., the Ad Hoc Working Group (AWG) process and the Dialogue on long-term cooperative action (Dialogue) process. The two-track process will also in turn influence the review process under Article 9 of the Protocol.

The relationship among the two tracks and the Article 9 review process will emerge in due course, as the AWG and Dialogue processes proceed in accordance with the Montreal decisions. As a result, Korea believes that it is currently not necessary to try to link or merge the three processes in an arbitrary manner.