



**UNITED
NATIONS**



**Framework Convention
on Climate Change**

Distr.
GENERAL

FCCC/KP/CMP/2007/6
26 September 2007

Original: ENGLISH

**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 covers activities undertaken from 9 September 2006 to 7 September 2007. The report provides information on matters addressed by the 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 9 September 2006 to 7 September 2007. It summarizes the work of and matters addressed by the 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 of the CMP to undertake consultations on the nominations of members and alternate members of the Compliance Committee, as necessary, and elect members and alternate members;
- (b) Clarify whether it requests the Compliance Committee to take any specific action when delays in the submission by a Party included in Annex I to the Convention of its national communication have been brought to its attention by the secretariat, pursuant to paragraph 139 of the annex to decision 22/CMP.1;
- (c) 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;
- (d) Invite Parties to ensure that adequate funding is provided to support the work of expert review teams, as discussed in paragraph 23 below.

5. The CMP may also wish to consider the proposals of the Committee, referred to in paragraphs 26–27 below, made in accordance with section III, paragraph 2 (c), of the procedures and mechanisms, to:

- (a) Extend funding for the costs of travel and participation in meetings of the Committee to all members and alternate members of the Committee as soon as possible;
- (b) Authorize the secretariat to consider requests for funding related to travel and participation in meetings by members and alternate members who are currently not eligible for such funding, as a temporary measure until such an extension of eligibility for funding is made, subject to the availability of resources and on a case-by-case basis;
- (c) Follow the same United Nations rules and regulations on official travel as those applied to United Nations staff for the travel of eligible members and alternate members, subject to the availability of resources.

II. Organizational matters

6. The fourth meeting of the plenary of the Compliance Committee was held in Bonn, Germany, from 5 to 7 September 2007.
7. The fifth meeting of the facilitative branch was held in Bonn (on 6 September 2007), as was the second meeting of 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 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.

A. Membership in the Compliance Committee

9. The members and alternate members of the Compliance Committee who were present at the fourth meeting of the plenary 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 the rules of procedure). Members and alternate members who were unable to attend the fourth meeting of the plenary will be invited to take their oath of service at the next meeting of the plenary 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 term expires on 31 December 2007 is contained in annex II to this report.
12. In accordance with section IV, paragraph 2, section V, paragraph 2, and section II, paragraph 5, of the procedures and mechanisms, the CMP, at its third session, 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

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 area with restricted access for 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 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.
15. At its fourth meeting, the plenary of the Committee agreed that meetings of the plenary and the branches that are to be held in public will continue to be recorded and broadcast on the Internet through the UNFCCC website.

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

16. The plenary requested the secretariat to:
- (a) Announce the dates and venue of each meeting of the plenary and the branches on the UNFCCC website in advance of the meeting and to provide information on how those who would like to observe can register as observers for the meeting or follow it on the Internet;
 - (b) Establish a simple system of registration for observers on a first come first served basis;
 - (c) Accommodate a limited number of observers in the room where the meeting of the plenary or the branches is being held and, in the event of space constraints, in an adjacent room that will have a live video feed of the parts of the meeting that are held in public.
17. The plenary agreed that observers will be required not to interfere in any way with the conduct of the meeting, not to make contact with members or alternate members of the Committee while the session is ongoing and to leave the room when the plenary or the facilitative or enforcement branch decides to hold the meeting in private.
18. The plenary also agreed to maintain flexibility in deciding when meetings are to be held in public or in private, and to revisit the working arrangements set out in paragraphs 15–17 above after more experience is gained, but not later than in 2009.

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

19. 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 on the Committee with regard to their official functions have been raised. The Committee is, however, aware that such issues might arise in the future and would therefore welcome an early resolution of the issue of ensuring the necessary privileges and immunities for individuals serving on Kyoto Protocol constituted bodies by the SBI and the CMP.

III. Work undertaken in the reporting period

A. Reports of expert review teams under Article 8 of the Kyoto Protocol and other information received by the plenary of the Compliance Committee

20. In accordance with section VI, paragraph 3, of the procedures and mechanisms, the secretariat forwarded to the Compliance Committee the reports from the expert review teams of the centralized in-depth review of the fourth national communications of Denmark, Estonia, Greece, Iceland, Japan, Latvia, Lithuania, New Zealand, Norway, Slovenia, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland. The secretariat also forwarded to the Compliance Committee the report of the review of the initial reports of Austria, Hungary, Japan, New Zealand and Switzerland. For the purposes of rule 10, paragraph 2, of the rules of procedure, the reports were considered received by the Committee on the first business day following the date of publication of these reports.

21. At its fourth meeting, the plenary of the Committee considered the information provided to it by the secretariat pursuant to paragraph 139 of the annex to decision 22/CMP.1 and noted the fact that as of 1 January 2007, one year after the deadline, four Annex I Parties that are also Parties to the Kyoto Protocol and have quantified emission limitation and reduction commitments inscribed in Annex B (Canada, Ireland, Italy and Luxembourg) had failed to submit their national communications containing

² FCCC/SBI/2007/15, paragraphs 163–168.

the supplementary information required under Article 7, paragraph 4, of the Kyoto Protocol. As of 7 September 2007, two of these Parties (Italy and Luxembourg) had still failed to comply with that obligation.

22. The plenary notes with concern that a significant number of the Annex I Parties that are also Parties to the Kyoto Protocol and have quantified emission limitation and reduction commitments inscribed in Annex B did not submit to the secretariat in a timely manner their fourth national communication containing the necessary information to enable the expert review teams to perform the reviews provided for in Article 8, paragraph 3, of the Kyoto Protocol. Failure to provide information required under Article 7, paragraph 2, of the Kyoto Protocol might prejudice the ability of the expert review teams to complete their work and report to the Compliance Committee in a timely manner. The timely submission and review of information is essential to the functioning of the procedures and mechanisms for compliance review established by decision 27/CMP.1 as appears from paragraph 139 of the annex to decision 22/CMP.1. The plenary invites the CMP to clarify whether it requests the Compliance Committee to take any specific action when delays have been brought to its attention by the secretariat pursuant to paragraph 139 of the annex to decision 22/CMP.1.

23. The plenary took note of the information provided in the presentation by the secretariat on "Reporting and review under the Kyoto Protocol: status and outlook."³ The plenary wishes to highlight that the Committee relies on the quality and timeliness of reports of the expert review teams. It noted with concern constraints on the resources of the secretariat which may, in the future, impair the effective functioning of the review process. It has concerns about whether experts on review teams receive sufficient support in order to participate in reviews and adequately perform their tasks. In this context, the plenary is also concerned about whether sufficient resources are made available for training and support of experts.

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

24. At its second meeting, the enforcement branch took note of the information contained in the note by the secretariat entitled "Eligibility requirements under Articles 6, 12 and 17 of the Protocol: initial eligibility" (document CC/EB/2/2007/2). The branch considered the issue of initial eligibility under Articles 6, 12 and 17 and in particular with respect to Compliance Committee treatment of expert review team reports on initial reports that do not contain questions of implementation.

25. The branch took note of the five reports from expert review teams on the initial reports of Austria, Hungary, Japan, New Zealand and Switzerland and noted that no questions of implementation are indicated in these reports.

IV. Participation of members and alternate members

26. At its fourth meeting, the plenary of the Committee emphasized that the effective functioning of the Committee depends upon the independence of its members. It noted the nature of the Committee and the particular design and functions of the procedures and mechanisms, which require, for their effective functioning and for the quorum to be met, the availability of members and alternate members for meetings on very short notice (one to three weeks).

27. In accordance with section III, paragraph 2 (c), of the procedures and mechanisms, the plenary submits the following proposals to the CMP:

- (a) In order to ensure the independence of all members and alternate members, the eligibility for funding related to the costs of travel and participation in meetings of the Committee

³ <http://unfccc.meta-fusion.com/kongresse/compliance04/downl/Katia_Compliance_Committee_Sep_2007.pdf>.

should be extended to all members and alternate members of the Committee as soon as possible;

- (b) As a temporary measure until such an extension of eligibility for funding is made, the secretariat should be authorized to consider, subject to the availability of resources and on a case-by-case basis, requests for funding related to travel and participation in meetings by members and alternate members who are currently not eligible for such funding. In the absence of sufficient funding related to participation in meetings, it may not be possible for members and alternate members to attend meetings of the Committee, which would endanger the effective functioning of the Committee;
- (c) The travel of eligible members and alternate members should, subject to the availability of resources, follow the same United Nations rules and regulations on official travel as those applied to United Nations staff.

V. Availability of resources

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

28. For the biennium 2006–2007, a total of USD 540,000 was available for the Compliance Committee from the programme budget. It is projected that by the end of the biennium, 85 per cent of this amount will have been used to cover: the costs of travel and participation 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;⁴ and the cost of staff supporting the Compliance Committee.

29. In addition, of the USD 697,160 under the item “Support to the Compliance Committee” of the resource requirements of the Trust Fund for Supplementary Activities,⁵ contributions of USD 394,143 were received for the biennium. It is projected that by the end of the biennium, 38 per cent of this amount will have been used to cover expenses relating to the travel and logistics of branch meetings of the Compliance Committee.⁶ Savings from 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.

30. The projections of the expenses of the Compliance Committee made at its inception 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 on 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 another Party, in accordance with section VI, paragraph 1, of the procedures and mechanisms.

31. Projections also took into account the need for capacity of the Committee and the secretariat to respond in a timely fashion to the exacting requirements of relevant decisions by the CMP.

32. Given the number of uncertainties and considerations to be taken into account, it is difficult to predict the number of meetings required in a biennium. While the facilitative and enforcement branches

⁴ For 2006, most 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).

⁵ FCCC/SBI/2005/8/Add.2.

⁶ Funds have been set aside for any additional branch meetings that may occur during the last quarter of 2007.

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

33. For the biennium 2008–2009, a total of USD 1,022,500 from the proposed programme budget is available for the Compliance Committee. The cost of meetings that cannot be covered by the programme budget will be met from the Trust Fund for Supplementary Activities; for the biennium 2008–2009 a total of USD 786,085 from the Trust Fund for Supplementary Activities is being sought.⁷ Additional financial support may also be required for travel and participation in meetings of the Committee of all members and alternate members. 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.

⁷ 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
Addendum to the provisional agenda	CC/4/2007/1/Add.1/Rev.1	5 September 2007
Operationalizing rule 9 of the Rules of procedure. Note by the secretariat	CC/4/2007/2	30 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
Status of national communications and reports demonstrating progress of Annex I Parties. Note by the secretariat	CC/4/2007/4	6 September 2007
Report on the meeting	CC/4/2007/5	21 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/2/2007/1/Add.1	27 August 2007
Addendum to the provisional agenda	CC/EB/2/2007/1/Add.1/Rev.1	5 September 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	6 September 2007

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

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	6 September 2007

EXPERT REVIEW TEAM REPORTS OF THE CENTRALIZED IN-DEPTH REVIEW OF FOURTH NATIONAL COMMUNICATIONS FORWARDED TO THE COMPLIANCE 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 third and fourth national communication of Lithuania. Note by the secretariat	CC/ERT/2006/4	25 September 2006
Report of the centralized in-depth review of the fourth national communication of Switzerland. Note by the secretariat	CC/ERT/2006/5	25 September 2006
Report of the centralized in-depth review of the fourth national communication of Sweden. Note by the secretariat	CC/ERT/2006/6	5 October 2006
Report of the centralized in-depth review of the fourth national communication of Estonia. Note by the secretariat	CC/ERT/2006/7	5 October 2006
Report of the centralized in-depth review of the fourth national communication of Norway. Note by the secretariat	CC/ERT/2006/8	5 October 2006
Report of the centralized in-depth review of the fourth national communication of the United Kingdom and Northern Ireland. Note by the secretariat	CC/ERT/2007/1	24 January 2007
Report of the centralized in-depth review of the fourth national communication of New Zealand. Note by the secretariat	CC/ERT/2007/2	24 January 2007
Report of the centralized in-depth review of the fourth national communication of Iceland. Note by the secretariat	CC/ERT/2007/3	30 January 2007
Report of the centralized in-depth review of the fourth national communication of Denmark. Note by the secretariat	CC/ERT/2007/4	5 February 2007

Title	Document No.	Date
Report of the centralized in-depth review of the fourth national communication of Slovenia. Note by the secretariat	CC/ERT/2007/5	8 February 2007
Report of the centralized in-depth review of the fourth national communication of Greece. Note by the secretariat	CC/ERT/2007/6	8 February 2007
Report of the centralized in-depth review of the fourth national communication of Latvia. Note by the secretariat	CC/ERT/2007/7	8 February 2007
Report of the centralized in-depth review of the fourth national communication of Japan. Note by the secretariat	CC/ERT/2007/8	16 February 2007

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

Title	Document No.	Date
Report of the review of the initial report of Austria. Note by the secretariat	CC/ERT/IRR/2007/1	10 August 2007
Report of the review of the initial report of Japan. Note by the secretariat	CC/ERT/IRR/2007/2	17 August 2007
Report of the review of the initial report of Switzerland. Note by the secretariat	CC/ERT/IRR/2007/3	22 August 2007
Report of the review of the initial report of Hungary. Note by the secretariat	CC/ERT/IRR/2007/4	30 August 2007
Report of the review of the initial report of New Zealand. Note by the secretariat	CC/ERT/IRR/2007/5	30 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 Ichšana 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.