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## **The Montreal Climate Conference, Results and Next Steps** **January 2006**

### **Introduction**

The Montreal Conference on Climate Change was an important meeting in the effort to curb climate change. As the first meeting of the Kyoto Protocol and the Eleventh of the UNFCCC, the Conference had numerous tasks in front of it. It is fair to say that by the end of the meeting a clear signal had been sent to the world that the Kyoto Protocol will continue, and that carbon markets will be at the center of multi-lateral efforts for many years to come. In effect, the rest of the world once again demonstrated the will to move forward with or without the United States at the table, and launched a four track approach to negotiate the post-2012 time period under the Kyoto Protocol and under the UNFCCC.

It is now the time for all governments to assess how each can play its part in the fight against climate change, as the window to keep global average temperatures to below 2 degrees is small. The Montreal decisions provide the basis for countries to demonstrate their seriousness by bringing forth concrete proposals to the first negotiating session taking place in Bonn May 2006.

### **What were the cornerstones of the Montreal outcomes?**

#### ***Launch of negotiations for the future***

The Protocol includes two key articles that require that the process to discuss the post-2012 time period begins in 2005, Article 3.9 which requires that developed countries begin considerations of amending their targets for the second commitment period, and Article 9 which requires that a full review of the Protocol occur at COPMOP2 in 2006. These two articles represent a deepening and a broadening of the Kyoto Protocol.

The final outcome, titled the Montreal Action Plan (MAP), includes four tracks to begin discussions on the post-2012 time period. The first two, importantly, occur under the Kyoto Protocol. The first track, based on Article 3.9 of the Kyoto Protocol decided that industrialised countries will begin negotiations in May 2006, in an open-ended working group, to amend their absolute mandatory targets listed in Annex B of the Protocol. These negotiations should be completed as soon as possible, and conclude in time so that no gap between the first and second commitment periods occurs. This “no gap” language gives certainty to the carbon market for it to strongly continue and, when calculated backwards from 2013 after negotiation and ratification timing is included, brings one to 2008.

The second track, based on Article 9, underpins the need for deeper cuts by developed countries and provides a bridge to discussing what more developing countries should do to achieve the Convention’s objectives. Article 9 provides for a full review of the Kyoto Protocol. This review should include an assessment of the level of effort done by all parties as well as the provisions of technical and financial

support to developing countries. All Parties will make submissions, by September 1<sup>st</sup>, 2006 on what the review should include thus raising the opportunity to make a decision that both deeper commitments from the developed countries and broader participation in “commitments or contributions” from the larger developing countries is needed.

The third track is focused on reducing emissions from deforestation in developing countries and will assess different approaches to stimulate action. Papua New Guinea, and a coalition of other rainforest countries, introduced a new approach to curb emissions from deforestation into the climate regime. The COP agreement to include reduced deforestation based on national baselines is fundamentally different from project-based 'Avoided Deforestation' in the CDM and should be carefully considered in the future.

The fourth track occurs under the UNFCCC where the U.S. and Australia are also Parties. A “Dialogue on Long-term Cooperative Action” will begin in 2006, consist of four workshops, and report to COP13 in 2007. It is still unclear how these workshops will be organized. However, optimally those workshops will focus on innovative ideas including incentives for further action by developing countries as well as ideas presented in informal settings over the last years, such as sectoral approaches for developing countries. The workshops should not be used as a stage for the U.S. to sell its partnership and technology approach, but rather to discuss concrete ideas how to implement decarbonisation strategies in developing countries so that they can meet their development goals and tackle climate change.

### ***Marrakech Accords Adopted***

The Marrakech Accords were adopted in full, thus operationalising all of the key decisions in order for the Kyoto Protocol, and its carbon market components and compliance system to get up and running.

The COP/MOP approved and adopted the procedures and mechanisms relating to compliance without prejudice to the outcome of the process of the amendment procedure. It was decided to commence consideration of the issue of an amendment relating to compliance with a view to making a decision by the third session of the COP/MOP. Furthermore and importantly, the compliance bodies were established and the members were elected.

### ***CDM Strengthened***

The CDM was created to both assist developed countries in achieving their Kyoto targets through investing in projects in developing countries, and to assist developing countries in achieving their sustainable development goals. There was much criticism of the CDM going into Montreal noting that it was not operating efficiently nor delivering the methodologies and progress in order for projects to start functioning. There were also a number of calls to weaken the crucial additionality clause which could allow “business-as-usual” credits to enter into the system and undercut both goals of the CDM.

In general, the decision strengthens the CDM in that it introduces streamlined and strengthened administration principles. The decision includes pledges for additional funding and provides a good basis for increasing the number of projects approved. Furthermore, the decision recognises that the CDM has a role in future regimes which provides more certainty to project developers.

A number of issues do however cause some concern and require attention including continued pressure to weaken additionality rules, unsustainable carbon capture and storage and HFC23 projects.

### ***Adaptation Work Programme***

The Eleventh Conference of Parties made a decision on the Five-year programme of work of the Subsidiary Body for Scientific and Technology Advice (SBSTA) on Impacts, Vulnerability and adaptation to Climate Change. The objective of this five year programme is to assist all parties, in particular developing countries, including the least developed countries and small island developing states, to improve their understanding and assessment of impacts, vulnerability and adaptation, and to

make informed decisions on practical adaptation actions and measures to respond to climate change on a sound, scientific, technical and socio-economic basis, taking into account current and future climate change and variability.

This five year work programme comprises mainly two themes: impacts and vulnerability with a focus on developing and disseminating methodologies and adaptation planning, measures and actions with a focus on the development and dissemination of methods and tools. Although this is a good step, there are a number of shortcomings. The most obvious is that there are no concrete adaptation activities on the ground. In fact, there is high chance that there won't be any adaptation activities/project implemented on the ground to safeguard the local people's livelihoods. Funding for implementing this five year programme of work is also not clear as it will implement from coming year.

### ***Technology Transfer***

WWF closely tracked the technology transfer discussions as they are one of the keys to bring about decarbonisation. There has been a very regular lack of action on this agenda item for many years. There is a clear unwillingness of industrialized countries to facilitate real technology transfer, especially in the area of mitigation technologies. The bone of contention this time, just like at COP10 was a proposal from G77 and China to provide them access to publicly owned technologies and technologies in the public domain. Here, all industrialized countries, notably the US, Japan, Australia, Canada and the EU are one in consistently frustrating developing countries' attempts to have a decision that will include what they consider as an important step to help them achieve development without contributing to the rising GHG emissions.

### **Next Steps**

WWF will be working to ensure that the momentum from Montreal continues. Industrialised Kyoto countries must come to the next negotiating session in Bonn with clear implementation plans to meet their Kyoto targets, introducing new measures when necessary. A number of countries are far from their targets and must redouble efforts to get there in time. In addition, these countries should present concrete proposals on how to strengthen their targets for the post-2012 time period. These should be in line with meeting the ultimate objective of the Convention and demonstrate the seriousness with which developed countries are taking climate change.

Developing countries too must come to Bonn with new innovative ideas on how each country can do its fair share. The UNFCCC Dialogue offers a good opportunity for various ideas to be formally tabled for how incentives can be generated for more action in developing countries and to assess what role the carbon market could play in the future regime.

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