



HIGHLIGHTS FROM THE FIFTH CONFERENCE OF THE PARTIES TO THE FRAMEWORK CONVENTION ON CLIMATE CHANGE TUESDAY, 26 OCTOBER 1999

Delegates met all day in a joint session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) to consider: FCCC Articles 4.8 and 4.9 (adverse effects); compliance; capacity building; activities implemented jointly (AIJ); and the Protocol mechanisms. A Joint Working Group on compliance met in the evening and contact groups were convened on non-Annex I communications and guidelines for Annex I communications.

JOINT SBI/SBSTA SESSION

ADVERSE EFFECTS: Former SBSTA Chair Kok Kee Chow (Malaysia) reported on a workshop on implementation of FCCC Articles 4.8 and 4.9 (adverse effects) held from 21 - 24 September 1999 in Bonn. Many delegates said the workshop was a useful exercise. The G-77/CHINA said it had highlighted the need for another workshop prior to COP-6.

Regarding information gaps on adverse effects, the MARSHALL ISLANDS called for more robust research on policies and measures in Annex I countries. AUSTRALIA, with CANADA and the GAMBIA, said the absence of information on the effect of policies and measures should not be an obstacle to meeting the needs of the truly vulnerable. CANADA and SAMOA highlighted the need to act through the national communications process. SENEGAL called for an evaluation of vulnerability in Africa by COP-6.

On the impact of response measures on the economies of oil producing and other countries, SAUDI ARABIA referred to recent studies suggesting oil producing countries will suffer economically from response measures and, with KUWAIT and LIBYA, said developed countries should remove market distortions in the energy sector. The US said there was uncertainty over the impact of implementation of response measures. JAPAN and the MARSHALL ISLANDS said consideration of compensation was unacceptable as it is not provided for in the FCCC or the Protocol.

On the status of negotiations, several delegates, including SAUDI ARABIA, KUWAIT, QATAR and the UNITED ARAB EMIRATES, said equal progress must be made on all issues, and the Buenos Aires Plan of Action (BAPA) should be achieved as a complete package. UGANDA, BURKINA FASO, the MARSHALL ISLANDS and SAMOA said not all issues could be advanced simultaneously and stated that waiting for a package would delay action.

Numerous delegates stressed prioritization of the needs of least developed countries. BANGLADESH suggested that the GEF establish a separate fund to meet these countries' needs. A contact group will be convened on this issue.

COMPLIANCE: On procedures and mechanisms relating to compliance under the Kyoto Protocol, Espen Rønneberg, Co-Chair of the Joint Working Group on compliance (JWG), made a brief report of the informal exchange of views on compliance held in Vienna between 6 - 7 October 1999. Issues discussed included: design of and factors triggering the compliance system; role of the expert review team and COP/MOP; and the consequences of non-compliance.

CAPACITY BUILDING: On capacity building, many delegates welcomed the G77/CHINA draft decision on capacity building for developing countries, containing a list of developing country needs, as a basis for adopting a decision at COP-5.

On recipients of capacity building, the G77/CHINA said these are developing countries only, while the EU, KAZAKHSTAN and others said it included countries with economies in transition.

The MARSHALL ISLANDS with the SUDAN, the GAMBIA, AOSIS and CHINA said the process had to be country driven rather than agency driven and must follow the guidance of the COP. The PHILIPPINES recommended that capacity building be "for," "by" and "in" developing countries and said the GEF initiative was the antithesis of capacity building. CANADA, supporting the GEF initiative, urged the GEF to further develop its interagency approach.

The G77/CHINA referred to its draft decision that, *inter alia*, requests the Secretariat to prepare a plan to facilitate capacity building for developing countries. He underscored the importance of workshops being undertaken with the participation of developing countries. The CENTRAL AFRICAN REPUBLIC highlighted the futility of short workshops, as developing countries needed continuous ones. The EU suggested: identifying non-Annex I Parties' needs by analyzing their national communications; identifying existing capacities; agreeing on a process to ensure that priority areas receive appropriate support; and providing guidance for establishing an assessment of capacity-building activities on climate change. CANADA supported a coordinated response among existing efforts in capacity building and proposed three steps: assessment of needs; overview of actions currently undertaken by various actors; and definition of a clear scope for action. AUSTRALIA sought information from the Secretariat on current support for developing countries in order to identify gaps and needs for future work. NORWAY favored an integrated approach for the identification of needs. SWITZERLAND endorsed a practical approach focused on identifying appropriate needs in specific areas. The RUSSIAN FEDERATION offered technology transfer assistance.

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On capacity building needs, the G77/CHINA referred to its draft decision calling on the COP to, *inter alia*: conduct capacity building activities; provide the necessary financial and technical support to strengthen national focal points; promote climate-related research and studies; and promote capacity building of national institutions and expertise. AUSTRALIA, CANADA, JAPAN and UZBEKISTAN said that capacity building was necessary to take full advantage of the clean development mechanism (CDM). The US highlighted the need for an integrated approach to all capacity-building efforts. CLIMATE ACTION NETWORK supported a bottom-up approach to capacity building based on local and regional initiatives involving the NGO community, as many criteria for the mechanisms are still unknown, it. A contact group will be convened, co-chaired by SBI Chair John Ashe and Dan Reifsnnyder (US).

ACTIVITIES IMPLEMENTED JOINTLY: On the experience with AIJ, the G-77/CHINA underlined the imbalance of the geographical distribution of pilot projects and urged extension of the pilot phase. AOSIS said carbon sequestration projects may not guarantee measurable and long-term effects and expressed concern over the possible inclusion of sinks. With the MARSHALL ISLANDS, BOTSWANA and SAMOA, he opposed linking AIJ to the Protocol mechanisms. JAPAN, supported by the EU, said the experience gained is sufficient for a comprehensive review. With POLAND, he stressed that an AIJ project should be eligible under joint implementation (JI) or CDM if it meets the criteria for eligibility and if the Parties involved agree. The MARSHALL ISLANDS urged discontinuation of temporary carbon storage projects under AIJ. The US proposed exploring the eligibility of AIJ projects under CDM or JI.

Opposed by AOSIS, BOTSWANA and IRAN, the EU, with SWITZERLAND, proposed that AIJ should be credited retroactively. She identified the lack of crediting and capacity in the host countries and high transaction costs for small projects as barriers in the pilot phase. SWITZERLAND and AUSTRALIA said that without credit, industries would be cautious about AIJ.

IRAN noted the absence of criteria for assessing and elaborating the benefits of AIJ projects and said these were subject to different interpretations by the Parties. He called for a continuation of the pilot phase without preconditions or credits. BOTSWANA said introducing crediting would confuse the process. AOSIS drew attention to the inaccuracies, under-reporting and procedural complications that make it inappropriate to credit retrospectively.

The REPUBLIC OF KOREA said that since most AIJ projects are financed through official funds like ODA and the GEF, credits certification should be treated carefully. The AFRICAN GROUP underscored the need to involve local communities in the design and execution of such projects.

On the reporting format, SWITZERLAND stressed simplicity. The US suggested that the Secretariat convene a technical meeting on the common reporting format. A contact group will be convened chaired by Yvo de Boer (Netherlands).

PROTOCOL MECHANISMS: Former SBSTA Chair Chow introduced the revised synthesis of proposals by Parties on principles, modalities, rules and guidelines on Protocol mechanisms and noted that they could form the basis for a draft negotiating text.

The G-77/CHINA said a CDM decision must precede decisions on other mechanisms. AUSTRALIA noted the need for considerable technical work prior to COP-6. The EU noted significant areas of convergence among Parties but said a ceiling on the use of mechanisms has to be defined. The US supported parallel progress on the mechanisms with priority given to the CDM. With NORWAY and SWITZERLAND, he suggested refining the synthesis into a draft negotiating text. NORWAY further identified the need to decide on a work plan in the run-up to COP-6. AOSIS highlighted the need for the mechanisms to be based on sound environmental principles

and, with VENEZUELA, called for adequate time for consideration. He added that AOSIS would not permit mechanisms that allow Annex I Parties to offload domestic responsibilities. UZBEKISTAN, with the RUSSIAN FEDERATION, sought clear definitions of core concepts. CHINA opposed taking a single decision on all mechanisms as this was not supported by the Protocol. He recommended that there be three distinct decisions on the mechanisms. SAUDI ARABIA stressed that progress on this issue is conditional on progress on other equally important issues. A contact group, to be chaired by Kok Kee Chow, was asked to revise and consolidate the views into a draft negotiating text and agree on a work plan in the run-up to COP-6. The G-77/CHINA said that the reference to the draft negotiating text was unwarranted at this stage.

JOINT WORKING GROUP ON COMPLIANCE

The JWG met in a night session to adopt its organization of work and hear an oral report of the informal exchange of views and information on compliance at an event held on October 6 - 7 1999 in Vienna. It then considered elements of the design, coverage and functions of a compliance system under the Protocol. The JWG will reconvene on 29 October at 10:00 am.

CONTACT GROUPS

GUIDELINES FOR ANNEX I COMMUNICATIONS: The contact group on Annex I communications considered the second part of a revised draft text on Guidelines for Annex I communications. The group discussed sections in the text on: objectives of the guidelines, preparing national communications, definitions, coverage and structure of national communications; the executive summary; national circumstances; GHG inventory information; and policies and measures (P&Ms). Delegates agreed to delete the section on coverage. The EU submitted a proposal to re-structure the section on national communications. On selection of P&Ms, the group agreed on the differentiation of policies "adopted," "implemented" and at a "planning stage," for reporting purposes and called for definitions of these terms.

NON-ANNEX I COMMUNICATIONS: The contact group on non-Annex I communications discussed proposals submitted by the G-77/China and the EU on consideration of non-Annex I communications. The G-77/CHINA, opposed by the EU and others, insisted that its proposal serve as the basis for the group's discussions. Some delegates proposed identification of common elements between the two proposals. The G-77/CHINA, supported by others, drew attention to contentious elements, including technical assessments of non-Annex I communications contained in the EU proposal. She questioned the purpose, nature and usefulness of these assessments. The EU and others said the purpose of technical assessments is to improve non-Annex I communications. The group agreed to work on a draft text compiling the two proposals.

IN THE CORRIDORS

While it was business-as-usual in the Plenary on Tuesday, land use, land-use change and forestry was the subject of a stimulating side event convened at the behest of the Parties. At the event, the IPCC took the innovative step of providing an in-depth progress report on its work on LULUCF that was requested by SBSTA. Participants, including NGOs, welcomed the long awaited exchange with IPCC expert authors that shed light on an issue previously shrouded in uncertainty.

THINGS TO LOOK FOR TODAY

JOINT SBI/SBSTA: SBI and SBSTA will meet in Plenary at 10:00 am.

CONTACT GROUPS: Contact groups will be held throughout the day. Consult the announcement board for details.