



HIGHLIGHTS FROM FCCC SB-13 TUESDAY, 12 SEPTEMBER 2000

The Subsidiary Body for Implementation (SBI) convened in the morning to consider the venue of COP-7, administrative and financial matters, Annex I and non-Annex I communications, and the financial mechanism. Informal meetings were held to discuss the GEF's activities and additional guidance to the GEF as the financial mechanism. Contact groups convened on: policies and measures; compliance; the mechanisms; technology transfer; adverse effects; land use, land-use change and forestry (LULUCF); and guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information).

SBI

COP-7 VENUE: The SBI adopted a draft decision to be submitted to COP-6 accepting Morocco's offer to host COP-7.

ADMINISTRATIVE AND FINANCIAL MATTERS: On implementation of the headquarters agreement, SBI Chair Ashe recalled concerns relating to adequate office space and acquiring visas and work permits. GERMANY said progress had been made to resolve these issues, and a report will be presented at COP-6.

On the Secretariat's report on the audited financial report (1999) and interim financial performance (2000), FCCC Executive Secretary Cutajar reported that the FCCC and CCD Secretariats would establish a common administrative service, and a report would be made available at COP-6. The SBI agreed to defer consideration of possible options to respond to late payments of contributions to COP-6.

ANNEX I COMMUNICATIONS: Participants considered the report on national greenhouse gas inventory data from Annex I Parties for 1990-1998. ARGENTINA noted successful measures undertaken by the UK and Germany to reduce emissions and highlighted continuing emissions increases in the US. He said Annex I commitments must be met. The EU expressed satisfaction with the number of Annex I Parties using the new reporting format. He noted with concern the continuing emissions increases in some countries.

NON-ANNEX I COMMUNICATIONS: URUGUAY thanked the GEF for its assistance. On the role of the Consultative Group of Experts (CGE), KENYA and VANUATU drew attention to the financial shortfall facing the CGE. The PHILIPPINES said there had been a waste of resources in relation to the CGE, and called for a review of its terms of reference. CHINA urged Annex II countries to provide adequate financial support to CGE. The US said many Parties regarded the CGE as a useful group, and supported its activities.

CONTACT GROUPS AND INFORMAL MEETINGS

GEF: Parties engaged in an informal question-and-answer session with the GEF Chair/CEO, Mohamed El-Ashry. Responding to KENYA's comment on the difficulties in dealing with the implementing agencies, El-Ashry said the GEF was trying to improve the responsiveness of the implementing agencies. He assured delegates that the GEF would act according to the guidance received from the COP. On questions about whether the GEF might reconsider its current focus on mitigation projects in favor of other areas such as adaptation once the CDM is introduced, El-Ashry noted the limited guidance provided by the COP on adaptation activities, and added that the specifics of the CDM had yet to be decided. However, he assured Parties that the GEF would avoid duplication. El-Ashry said Parties should communicate their concerns so that any problems can be addressed.

FINANCIAL MECHANISM: Delegates met in informal consultations to consider a proposed draft decision submitted by the G-77/China containing additional guidance to the operating entity of the financial mechanism. The PHILIPPINES, speaking for the G-77/CHINA, outlined the proposal, aimed at integrating decisions that refer to the GEF's activities. SBI Chair Ashe said discussions would continue this week, with a view to elaborating final text at COP-6.

POLICIES AND MEASURES (P&Ms): Delegates considered text on elements for a draft decision on "best practices" in P&Ms. Text proposed by the US acknowledging completion of the BAPA requirements on P&Ms was accepted. On continuing information exchange, delegates discussed revised text proposed by the US on "considering ways" to facilitate cooperation on P&Ms under Article 2.1(b) (cooperation on P&Ms). The G-77/CHINA proposed bracketing reference to sub-paragraphs 1 and b. VENEZUELA, opposed by the US and CANADA, included reference to Protocol Article 2.3 (adverse effects of P&Ms). The G-77/CHINA, opposed by CANADA and JAPAN, urged limiting the scope of the decision to Annex I Parties. The EU, opposed by CANADA, JAPAN and AUSTRALIA, emphasized the establishment of a consultative process to ensure continuity of information exchange.

On the nature of future activities, CANADA, the US and JAPAN, opposed by the EU, proposed reference to "future work" rather than "consultative process." JAPAN and AUSTRALIA highlighted information exchange on cross-sectoral issues.

PROTOCOL ARTICLES 5, 7 & 8: Co-Chair Plume distributed revised draft conclusions, noting that they do not specify whether separate decisions will be taken at COP-6 on the guidelines under Articles 5, 7 and 8. She highlighted the proposal that an informal consultation on the matters be held. On the draft decision text on Article 5.2 for COP-6 and that for COP/MOP-1, SAUDI ARABIA, supported by TUVALU, PERU, CHINA and BRAZIL, and opposed by the US and NEW ZEALAND, suggested deleting



references to activities under Protocol Article 3.3 and 3.4 at this stage, as outstanding issues are being considered in the LULUCF group.

Delegates then discussed Part II of the guidelines under Article 8. SAUDI ARABIA highlighted the G-77/CHINA's inability to participate fully in discussions, and added that text should be open for comment later on. Delegates commented both on structural issues and on more specific issues, placing brackets on many paragraphs.

COMPLIANCE: The G-77/CHINA stressed the need for equitable geographic distribution in the compliance committee. She proposed text referencing common but differentiated responsibility and suggested differentiation between Annex I and non-Annex I Parties. The US, with CANADA, AUSTRALIA and NEW ZEALAND, suggested that where members from one branch participate in the work of the other, it be on a non-voting basis. SAUDI ARABIA, with VENEZUELA, CHINA and QATAR, said the enforcement branch's mandate should include determination of whether an Annex I Party is in non-compliance with FCCC Article 3.14 (adverse effects). With the RUSSIAN FEDERATION and VENEZUELA, but opposed by CANADA, AUSTRALIA and NEW ZEALAND, he supported text referencing Protocol Article 18 (non-compliance) in the establishment of the compliance committee. The EU, with JAPAN, CANADA, NEW ZEALAND, AUSTRALIA and the US, recommended that the options on the compliance committee's composition be kept open. With JAPAN and CANADA, she said the enforcement branch should be able to impose facilitative consequences. The RUSSIAN FEDERATION suggested text referencing FCCC Article 4.6 (flexibility for EITs).

MECHANISMS: Delegates continued discussing the consolidated text. On the draft decision on the CDM, JAPAN said any requirements on financial additionality should not result in diversion of ODA. The US emphasized that revisions to the modalities, procedures and guidelines be made by consensus. The G-77/CHINA highlighted the need to distinguish between additionality and baselines, and underlined reference to funding additionality. The EU, opposed by the G-77/CHINA, proposed that the COP invite the IPCC to prepare guidelines for baselines. On the COP/MOP rules, NORWAY and the US emphasized that institutional responsibilities be part of the COP-6 decision.

On the Executive Board (EB), NORWAY, CANADA, JAPAN and the US, opposed by the G-77/CHINA, highlighted a role for the EB in determining new baseline and monitoring methodologies. The G-77/CHINA expressed concern that the EB has been gaining at the cost of the COP/MOP. On accreditation, BRAZIL suggested replacing a reference to the accreditation body with the EB. SAUDI ARABIA highlighted the COP/MOP as the supreme authority.

On designated operational entities, the REPUBLIC OF KOREA, opposed by NORWAY, introduced a reference to conflict of interest. On participation, Parties disagreed on the need for text relating to: projects proposed, developed, financed and implemented by non-Annex I countries; conditions on non-Annex I participation such as the fulfillment of commitments under FCCC Article 12 (communication of information); and certain eligibility criteria for transfers and acquisitions under Protocol Article 3 (commitments).

TECHNOLOGY TRANSFER: The contact group met to consider the Co-Chairs' draft text on a framework for meaningful and effective actions to enhance the implementation of FCCC Article 4.5 (development and transfer of technology).

On Purposes, the G-77/CHINA proposed specifying that the text shall serve as a framework for implementation of FCCC Article 4.5 commitments, and stressed that the extent to which developing countries can implement their commitments under the FCCC depended on effective participation by developed countries. SWITZERLAND said it should enhance implementation of Article 4.5 by increasing the flow of environmentally-sound technologies.

On the Overall Approach, the G-77/CHINA proposed Agenda 21 language on technology transfer, while the US preferred language from FCCC Article 4.5. SWITZERLAND objected to a US proposal to delete the term "equitable" in describing the process of technology transfer, given the diversity of characteristics of developing countries and regions. On market-driven approaches, EL SALVADOR stressed the need to reflect the involvement of governments.

ADVERSE EFFECTS: Participants met to consider the revised draft text on FCCC Article 4.8 and 4.9 and Protocol Article 3.14. On text relating to the provision of information by least developed countries (LDCs) through sources other than national communications, the G-77/CHINA stressed that many developing countries had difficulties completing their national communications, and that other relevant information should also serve as the basis for determining their adaptation activities. The EU, supported by the US, CANADA and JAPAN, stressed the importance of the national communications process, and highlighted the recognition of the special needs and circumstances of LDCs in the FCCC. VANUATU, on behalf of the LDCs, cited marginalization in the process, and requested that their special needs be considered. BURKINA FASO underscored the importance of establishing and strengthening national and regional institutions for, *inter alia*, research on climate change and its adverse effects.

LULUCF: BRAZIL, for the G-77/CHINA, presented basic principles for Protocol Article 3.3 and 3.4 (additional activities). He said that, *inter alia*: activities should not change the Protocol's global climate change mitigation effect; forest conservation and rehabilitation of degraded lands should be recognized as adaptation activities and receive a share of the mechanisms' proceeds; a transfer of commitments to a future commitment period should not be allowed; carbon removed through LULUCF activities shall be considered temporary; and the simple presence of carbon stocks in national reservoirs shall not result in credits in line with Article 5.2.

In response to the presentation, NEW ZEALAND called for consistency with Protocol language, and said the issue of share of proceeds for adaptation should be addressed later, and elsewhere. The US noted that issues of permanence will be addressed in Annex I countries because of inventory requirements. BOLIVIA called for an operational link to the CDM.

Co-Chair Gwage said the principles outlined by the G-77/China would provide the basis for a preamble for a decision on Article 3.3 and 3.4. The US commented that several paragraphs of the text addressed Article 12 more directly than Article 3.3 and 3.4.

THINGS TO LOOK FOR TODAY

Informal meetings and contact groups are scheduled to take place throughout the day to continue the week's discussions on draft texts proposed by group Chairs.

ADVERSE EFFECTS: This group will meet at 10:00 am in Amphitheatre.

ARTICLES 5, 7 & 8: This meeting is taking place at 10:00 am in Salon Pasteur.

TECHNOLOGY TRANSFER: This group will convene at 3:00 pm in Salon Pasteur.

CAPACITY BUILDING: This meeting will convene at 3:00 pm in Amphitheatre.

LULUCF: This group will meet in Amphitheatre at 5:00 pm.

P&Ms: The group will convene at 5:00 pm in Rhone 2.

FINANCIAL MECHANISM: This informal meeting to discuss text proposed by the G-77/China is taking place at 7:00 pm in Rhone 1.

MECHANISMS: This group is to meet at 8:00 pm in Auditorium Lumiere.