



## PART II OF THE SIXTH CONFERENCE OF THE PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE MONDAY, 16 JULY 2001

The resumed Sixth Conference of the Parties (COP-6 Part II) to the United Nations Framework Convention on Climate Change (UNFCCC) opened on Monday, 16 July, in Bonn, Germany. Delegates met in the morning for an opening Plenary session to address organizational matters. In the afternoon and evening, Parties convened in negotiating groups to discuss: finance, technology transfer, adaptation, capacity building, and adverse effects; mechanisms; and land use, land-use change and forestry (LULUCF).

### OPENING PLENARY

COP-6 President Jan Pronk opened the resumed COP-6, noting that participants are meeting to resolve outstanding issues from the first part of COP-6 in The Hague in November 2000. He said the negotiations would be based on bracketed texts brought forward from The Hague. In addition, an unbracketed consolidated negotiating text he had developed would serve as a tool to assist negotiators. President Pronk drew attention to the many consultations on procedure and substance since November 2000. He said negotiations at the diplomatic level would be held from Monday until Thursday morning, 19 July. High-level ministerial discussions would begin Thursday evening, following a ceremonial session of the COP Plenary. He expressed the hope that negotiations over the next three days would resolve as many issues as possible, and would leave only the most difficult issues for ministers and senior officials.

On the organization of work, delegates agreed to establish four negotiating groups on the following issues: finance, technology transfer, adaptation, capacity building, and adverse effects, chaired by John Ashe (Antigua and Barbuda) and Andrej Kranjc (Slovenia); mechanisms, chaired by Raul Estrada-Oyuela (Argentina) and Kok Kee Chow (Malaysia); land use, land-use change and forestry (LULUCF), chaired by Harald Dovland (Norway) and Philip Gwage (Uganda); and compliance, chaired by Tuiloma Neroni Slade (Samoa) and Harald Dovland. President Pronk noted that additional "resource people" – delegates experienced on these specific questions – would assist the chairs. He indicated that a further negotiating group may be established later on UNFCCC Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information).

IRAN, speaking for the G-77/CHINA, drew attention to developments since COP-6 Part I, including the US administration's announcement. He stressed that delegates are in Bonn to complete their unfinished work, and highlighted the need to clearly differentiate between UNFCCC and Protocol issues under negotiation.

### NEGOTIATING GROUPS

**LULUCF:** Co-Chair Dovland encouraged the LULUCF negotiating group to exchange views on Protocol Article 3.4 (additional activities). **BRAZIL**, for the G-77/CHINA, said President Pronk's consolidated negotiating text represented a reconsideration of Annex I Party commitments, and highlighted concerns that the definition of additional activities under Article 3.4 creates a precedent for unlimited enlargement of the Protocol's scope in the future. She said emissions by sources and removal by sinks due to LULUCF activities should be treated symmetrically, and that windfall effects should be factored out.

Many delegates underscored the scale of credits available for sinks as a key issue for the first commitment period. **AUSTRALIA** and **CANADA** supported the Pronk text as a good starting point in this regard, stressing that LULUCF is fundamental for countries considering ratification. **CANADA** said it is working on a more country-specific proposal for moving forward on this issue. The EU highlighted scale as a problem but, with **NORWAY** and **SWITZERLAND** for the ENVIRONMENTAL INTEGRITY GROUP, stressed that the Pronk proposal represents a sound basis for negotiation.

**TUVALU** opposed including Protocol Article 3.4 activities during the first commitment period, as proposed in the Pronk text, stressing that it represents a renegotiation of the Kyoto targets and undermines the integrity of the Protocol. **THAILAND** said Article 3.4 activities should not be included until there is more scientific certainty. **BRAZIL**, supported by **CHINA**, **NAURU** and **INDIA**, stressed concerns with regard to the integrity of the Protocol if too liberal an interpretation is applied to activities under Article 3.4. On definitions, **AUSTRALIA**, **JAPAN** and **CANADA** said "forest management" warrants further consideration.

Reflecting on Parties' statements, Co-Chair Dovland said it was apparent that significant differences remained, and that it was difficult to detect any emerging consensus. He requested suggestions on how to move discussions forward. Several speakers supported breaking into a smaller group/groups, if necessary. The EU said it was working on a proposal it hoped would improve the prospects for compromise. Co-Chair Dovland said the negotiating group would start its meeting on Tuesday by hearing new proposals for Article 3.4. It may also hold a small group meeting to explore options in greater depth.

**FINANCIAL ISSUES:** The negotiating group on financial issues, including capacity building, technology transfer, adaptation, UNFCCC Article 4.8 and 4.9 and Protocol Articles 2.3 and 3.14 (adverse effects), met in the afternoon to consider the negotiating text on capacity building and the text on guidance to the financial mechanism. It reconvened in the evening to discuss the text on adverse effects.

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In the afternoon session, delegates discussed bracketed text in the Annex to the draft decision on capacity building in developing countries. Parties disagreed over the placement of several paragraphs that addressed guidance to the financial mechanism. On financial resources for the implementation of Stage II adaptation activities, delegates agreed to a proposal by CANADA to refer to national adaptation plans of action (NAPAs).

On the funding of capacity building for disasters related to climate change, the EU, NORWAY and the US, opposed by the G-77/CHINA, expressed concern about overburdening the GEF. The US suggested deleting reference to the building of "institutional capacity," while the EU proposed that capacity building not include the "management" of disasters. Co-Chair Ashe suggested that the GEF shall provide financial resources to build institutional capacity "where appropriate" and that the funding of the "management" of disasters be put in brackets. The text, as amended by Co-Chair Ashe, was set aside for discussion at a later date.

On early warning systems, the EU, opposed by the G-77/CHINA, suggested deleting the reference to the funding for the establishment, where needed, of such systems. Co-Chair Ashe bracketed the text accordingly.

On text requesting the GEF to provide funding for the implementation of the capacity building framework, the G-77/CHINA suggested that the language agreed upon in the draft decision on capacity building should replace the current text. The US, with the EU, preferred working on the basis of the current text. The US also expressed concern at placing all responsibility of implementation on the GEF, proposing instead that this entity "support the implementation," rather than "implement," the framework. Co-Chair Ashe suggested both texts be discussed at a later stage, and expressed concern at the lack of significant progress.

In the evening, delegates met to discuss the negotiating text on adverse effects, starting with Section A under adverse effects of climate change. NORWAY, supported by CANADA and the EU, suggested using President Pronk's consolidated negotiating text for the discussions. Participants discussed the implications of relying on sources of information other than national communications to carry out an assessment and evaluation to determine action related to adaptation. The G-77/CHINA supported using other relevant information, and underscored their commitment to carrying out national communications, despite limited resources and capacity. Many Annex I Parties expressed concern at making language on the source of this information too vague.

On text referring to the specific concerns of least developed countries (LDCs) on adaptation activities, UGANDA, supported by SENEGAL and MALI, emphasized the inclusion of this reference. The G-77/CHINA said this reference was redundant due to the new terms of reference of the LDC group of experts text, which would be integrated into the negotiating text. The EU suggested retaining the brackets around this reference.

On Section B under adverse effects of climate change, several delegates noted agreement on the text, although overall issues related to funding would have to be resolved before the brackets could be removed. CANADA said those activities to be covered by the GEF would have to be differentiated from those that are not. The G-77/CHINA noted the need to separate funds related to the UNFCCC and the Protocol. The US said it will contribute to UNFCCC activities, adding that it will be useful to consider how funds can be "co-mingled" with other sources.

SAUDI ARABIA expressed concern at the lack of progress, stressing the need to have sufficient time to negotiate all the "developing country" issues that had been placed in this negotiating group by President Pronk. CANADA, with the EU, disagreed that no progress had been made.

**MECHANISMS:** The mechanisms group met in the evening, to discuss text on the modalities and procedures for the CDM. Delegates sought areas for agreement by comparing Pronk's proposed text with negotiating text carried forward from The Hague. They agreed to commence discussions on the three separate decisions on mechanisms, noting that this would not prejudice whether there would be one or three decisions. On the role of the

COP/MOP, some support was expressed for Pronk's proposed text. Diverging views were expressed on the composition of the Executive Board, and discussion on this issue was deferred.

On accreditation and designation of operational entities, NORWAY supported Pronk's text subject to "minor technical issues." SAMOA and TANZANIA underlined concerns with the inclusion of sinks in the CDM. The EU said the sinks issue must be decided at a high political level.

On eligibility, Co-Chair Estrada noted that this was completely reformulated in the Pronk text, which aimed to combine the various options. JAPAN proposed deleting the notion of project eligibility. NORWAY, SWITZERLAND, the REPUBLIC OF KOREA and the EU expressed general support for the Pronk proposal. The EU and CHINA requested including reference to CDM being a partnership between Annex I and non-Annex I Parties. JAPAN, NIGERIA and the US expressed concern with the requirement that an Annex I Party's use of CERs is conditional on it being a Party to the "Agreement on Procedures and Mechanisms on Compliance supplementing the Kyoto Protocol to the UNFCCC." SAMOA said she could not consider the principle that there be resumed eligibility after a certain time has elapsed.

On validation and registration, the EU supported the Pronk text as a good basis for negotiation. AUSTRALIA, JAPAN and CANADA opposed text requiring environmental impact assessments for every project activity. AUSTRALIA and JAPAN, opposed by SAMOA, disagreed with preferential treatment on the crediting period for small-scale project activities. CHINA urged provision for technology transfer and environmental additionality. TUVALU proposed bracketing reference to leakage. On supplementarity, NIGERIA sought clarity on reference to Annex I Parties meeting emissions reduction commitments "chiefly" through domestic action, and underlined the importance of equitable geographic distribution of CDM projects. Delegates did not complete discussions on monitoring, verification and certification, and issuance of certified emission reductions.

### IN THE CORRIDORS

As the opening day of the resumed COP-6 drew to a close Monday evening, many participants seemed skeptical about the prospects for a successful outcome. Several noted that the atmosphere seemed "flat" or that participants were suffering from "negotiating fatigue." Pointing to ongoing differences on key issues such as sinks and finance, some added that a successful conclusion – assuming it happens at all – might have to wait until COP-7. However, in spite of this general mood, a number of delegates remained upbeat, arguing that a result in Bonn was still possible if government ministers could reach a political agreement during the high-level talks set to start Thursday evening.

### THINGS TO LOOK FOR TODAY

**NEGOTIATING GROUPS:** Negotiating groups are scheduled to be held during morning, afternoon and evening sessions. Meeting times and rooms are subject to change. Check the notice boards for confirmation.

**Compliance:** This group is meeting from 10:00 am in Plenary II to begin its deliberations on the negotiating texts.

**Mechanisms:** The group will convene at 10:00 am in the Schumann Room, and is expected to complete its discussions on the CDM before addressing text on joint implementation and emissions trading.

**Finance:** This group is scheduled to meet from 3:00–6:00 pm and from 7:00–9:00 pm in Schumann to continue its work on the various relevant texts.

**LULUCF:** This group will meet from 3:00–6:00 pm in Plenary II and is expected to begin with new proposals by Parties on Protocol Article 3.4. The group is expected to reconvene from 7:00–9:00 pm in Plenary II.

**PLENARY:** A Plenary session may be held from 9:00–10:00 pm in Plenary I to take stock of progress in the negotiating groups.

**IPCC SPECIAL PRESENTATION:** There will be a special IPCC presentation on the Third Assessment Report in Plenary I from 3:00 pm.