



## SUMMARY OF THE SIXTH CONFERENCE OF THE PARTIES TO THE FRAMEWORK CONVENTION ON CLIMATE CHANGE: 13-25 NOVEMBER 2000

The Sixth Conference of the Parties (COP-6) to the United Nations Framework Convention on Climate Change (UNFCCC) and the resumed thirteenth sessions of the UNFCCC's subsidiary bodies were held in The Hague, the Netherlands, from 13-25 November 2000. Over 7,000 participants from 182 governments, 323 intergovernmental and non-governmental organizations, and 443 media outlets were in attendance. The meeting aimed to set the operational details for commitments on reducing emissions of greenhouse gases under the 1997 Kyoto Protocol, and to reach agreement on actions to strengthen implementation of the UNFCCC itself. In attempting to achieve these goals, the meeting was intended to bring to a close more than two years of preparations and negotiations set out in the UNFCCC's 1998 Buenos Aires Plan of Action.

During the first week, delegates met in informal contact groups and other negotiating groups mandated by the UNFCCC subsidiary bodies. These meetings aimed to reduce differences on text for decisions on a range of issues related to the Protocol and the UNFCCC, including: the transfer of technology and capacity building to assist developing countries and countries with economies in transition; the adverse effects of climate change and the impact of implementation of response measures; best practices in domestic policies and measures to address greenhouse gas emissions; the mechanisms outlined under the Protocol; a compliance system for the Protocol; and issues relating to the land use, land-use change and forestry (LULUCF) sector.

The resumed thirteenth sessions of the subsidiary bodies, which had begun in Lyon in September and reconvened from 13-18 November in The Hague, concluded their work by adopting a number of draft conclusions containing text for decisions by COP-6. However, much of the text transmitted by the subsidiary bodies to the COP lacked complete agreement by delegates and differences on many crucial issues remained.

During the second week, COP-6 President Jan Pronk (the Netherlands) attempted to facilitate progress on the many disputed political and technical issues by convening high-level informal Plenary sessions to address the key political issues, which he grouped into four

“clusters” or “boxes,” as follows: (a) capacity building, technology transfer, adverse effects and guidance to the Global Environment Facility (GEF); (b) mechanisms; (c) LULUCF; and, (d) compliance, policies and measures, and accounting, reporting and review under Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information). Ministers and other senior negotiators convened in four groups to negotiate on these clusters in an attempt to reach consensus. However, by Thursday, 23 November, negotiations appeared stalled, and President Pronk distributed a Note containing his proposals on key issues in an attempt to force a breakthrough that would lead to consensus. Ministerial negotiations took place throughout Friday and into Saturday. However, after almost 36 hours of intense talks on the President's proposals, negotiators did not achieve a breakthrough, with supplementarity, compliance and LULUCF proving to be particular sticking points. On Saturday afternoon, 25 November, President Pronk convened a final high-level informal Plenary in which he announced that delegates had failed to reach agreement. Delegates agreed to suspend COP-6, and expressed a willingness to resume their work in 2001.

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## A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL – THE ROAD TO COP-6

Climate change is considered one of the most serious threats to the sustainability of the world's environment, human health and well-being, and the global economy. Mainstream scientists agree that the Earth's climate is being affected by the build-up of greenhouse gases, such as carbon dioxide, caused by human activities. Despite some lingering uncertainties, a majority of scientists believe that precautionary and prompt action is necessary.

The international response to climate change took shape with the development of the United Nations Framework Convention on Climate Change (UNFCCC). Adopted in 1992, the UNFCCC sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases at a level that would prevent anthropogenic (human-induced) actions from leading to "dangerous interference" with the climate system. The UNFCCC entered into force on 21 March 1994, 90 days after the receipt of the 50th ratification. To date, it has received 185 instruments of ratification, acceptance, approval or accession from States. Since it entered into force, six meetings of the Conference of the Parties (COP) have taken place, as well as numerous workshops and meetings of the UNFCCC's subsidiary bodies – the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA).

**THE KYOTO PROTOCOL:** The *Ad Hoc* Group on the Berlin Mandate, established by COP-1, met between 1995 and 1997 to reach agreement on a further step in efforts to combat climate change. Following intense negotiations, delegates to COP-3, which was held in Kyoto, Japan in December 1997, agreed to a Protocol to the UNFCCC that commits developed countries and countries making the transition to a market economy to achieve quantified targets for decreasing their emissions of greenhouse gases. These countries, known under the UNFCCC as Annex I Parties, committed themselves to reducing their overall emissions of six greenhouse gases by at least 5% below 1990 levels over the period between 2008 and 2012, with differentiated targets for most of these countries. The Protocol also provides the basis for three mechanisms to assist Annex I Parties in meeting their national targets cost-effectively – an emissions trading system, joint implementation (JI) of emissions-reduction projects between Annex I Parties, and a Clean Development Mechanism (CDM) to encourage joint projects between Annex I and non-Annex I Parties.

While delegates in Kyoto agreed to these emissions reductions targets and methods, it was left for subsequent meetings to decide on most of the rules and operational details that will determine how these cuts are achieved and how countries' efforts are measured and assessed. Although many countries have signed the Protocol, the majority is waiting until these operational details are negotiated before deciding whether or not to ratify. To enter into force, the Protocol must be ratified by 55 Parties to the UNFCCC, including Annex I Parties representing at least 55% of the total carbon dioxide emissions for 1990. To date, only 30 Parties have ratified the Protocol.

**THE BUENOS AIRES PLAN OF ACTION:** The Fourth Conference of the Parties (COP-4) met in Buenos Aires, Argentina, in November 1998, to set out a work schedule for reaching agreement on the operational details of the Protocol and for strengthening implementation of the UNFCCC itself. This work schedule was outlined in a document called the Buenos Aires Plan of Action. The critical deadline under the Plan of Action was COP-6, where Parties were to attempt to reach agreement on a package of issues. Critical Protocol-related issues needing resolution included rules relating to the mechanisms, a regime for monitoring Parties' compliance with their commit-

ments, and accounting methods for national emissions and emissions reductions. Rules on crediting countries for removing carbon from the atmosphere through planting trees, and possibly other measures, were also to be addressed. Issues under the UNFCCC requiring resolution included questions of capacity building, the transfer and development of technology, and assistance to those developing countries that are especially vulnerable to the adverse effects of climate change or to actions taken by industrialized countries to combat climate change.

**PREPARATIONS FOR COP-6:** COP-6 was preceded by numerous formal and informal meetings and consultations held during 1999 and 2000. The UNFCCC subsidiary bodies held their tenth sessions in Bonn, Germany, from 31 May - 11 June 1999, and began the formal process of fulfilling the Buenos Aires Plan of Action. This work was continued at COP-5 and at the eleventh sessions of the subsidiary bodies, held in Bonn from 25 October - 5 November 1999. During the first few months of 2000, several UNFCCC technical workshops on key issues under the Plan of Action were held to assist the process leading to COP-6.

**SB-12:** Work resumed at a formal level with the twelfth sessions of the UNFCCC subsidiary bodies (SB-12), held from 12-16 June 2000, in Bonn, and preceded by one week of informal meetings. At this meeting, participants developed negotiating text on critical issues such as the mechanisms and compliance.

**SB-13 PART I:** Informal consultations and workshops were held during July and August 2000, followed by the first part of the thirteenth sessions of the subsidiary bodies (SB-13), held from 11-15 September 2000 in Lyon, France, and again preceded by a week of informal meetings. During the informal meetings and the first part of SB-13, delegates discussed text for decisions covering a range of technical and political issues, with the aim of preparing text for a comprehensive agreement at COP-6.

Many delegates and observers at SB-13 Part I expressed concern at the slow progress and significant amount of work that remained for delegates at The Hague. Political positions on the key issues remained entrenched, with little indication of willingness to compromise or move forward. While negotiating text emerged on the key elements of the Plan of Action, significant disagreements remained.

**INTERSESSIONAL CONSULTATIONS AFTER SB-13 PART I:** Several informal meetings and consultations were held following SB-13. These included consultations on Articles 5, 7 and 8, LULUCF, compliance, mechanisms, adverse effects, and LDCs, as well as informal high-level consultations held in early October and chaired by Jan Pronk, the Dutch Environment Minister and President-designate of COP-6. These meetings resulted in some further progress. However, with such a complex array of political and technical issues on the table, and an emphasis on achieving agreement on the entire "package" of issues under negotiation, many observers prior to COP-6 suggested that accommodating all countries' interests and aims could prove difficult.

## COP-6 REPORT

The Sixth Conference of the Parties (COP-6) to the UNFCCC officially opened on Monday morning, 13 November 2000. It was preceded by a Welcoming Ceremony attended by Her Majesty Queen Beatrix of the Netherlands. COP-6 President-designate Jan Pronk welcomed participants and said they faced the great challenge of agreeing on the instruments and details to achieve the targets agreed in Kyoto. While acknowledging the significant differences between countries' positions on key issues, he said reasonable compromises were possible on all issues.



Wim Deetman, Mayor of The Hague, expressed hope that this would become the city where history would be made in the development of climate change management. Delegates then listened to readings by Dutch actor Aus Greidanus of short quatrains on climate change written by Dutch national poet Gerrit Komrij.

In a pre-recorded video message to delegates, UN Secretary-General Kofi Annan stated that the task of reducing greenhouse gas emissions was enormous, and would require "radical change." He drew attention to support at the recent United Nations Millennium Summit for every effort to be made to bring the Kyoto Protocol into force by 2002.

Robert Watson, Chair of the Intergovernmental Panel on Climate Change (IPCC), described the current state of scientific understanding of the Earth's climate system, highlighted the vulnerability of ecological systems, and underlined the need for effective policy and technological responses. He noted a projected increase in global mean surface temperatures of about 1.5°C - 6°C by 2100 (almost double the 1995 IPCC predictions) and a rise in sea levels, and outlined the negative implications of these increases for water resources, agriculture, natural ecosystems and human health. He urged governments to undertake significant technological and policy responses, and, in particular, to promote increased public and private sector research and development.

Following these speeches, COP-5 President Jan Szyszko (Poland) formally opened COP-6, stating that it was possible to reach agreement and ensure the Protocol entered into force in 2002, but many difficult issues still had to be resolved. Jan Pronk, Minister of Housing, Spatial Planning and Environment of the Netherlands, was elected President of COP-6. He reaffirmed his commitment to ensuring that the interests of all delegations will be served by the UNFCCC.

UNFCCC Executive Secretary Michael Zammit Cutajar said action to deal with climate change cannot be delayed. He said developing countries should feel supported in their efforts to address climate change and its impacts, and all Parties should consider the Protocol to be ratifiable.

Delegates then heard general statements from a number of Parties. Nigeria, on behalf of the Group of 77 and China (G-77/China), rejected the proposal by a "key Annex I country" tying the provision of financial assistance to some form of new emissions reduction commitment by developing countries. He urged provision of funding through a mechanism other than the GEF. France, on behalf of the European Union (EU), stressed that domestic actions should be the main means for fulfilling developed country commitments. Switzerland, on behalf of the Environmental Integrity Group (a coalition of countries including Switzerland, Mexico and the Republic of Korea), said the CDM should be based on an incremental approach, JI should follow a two-track approach, and liability under emissions trading should be linked to the nature and scope of the enforcement branch of the compliance regime. Vanuatu, on behalf of the Least Developed Countries (LDCs) group, called for assistance in implementing the UNFCCC and Protocol.

This report outlines the meeting according to the COP agenda items, as listed in document FCCC/CP/2000/1.

### ORGANIZATIONAL MATTERS

**STATUS OF RATIFICATION:** On Monday, 13 November, the COP-6 Plenary received a report from the Secretariat on the status of ratification of the Convention and the Kyoto Protocol, and noted that the UNFCCC now had 183 Parties, and would have 185 Parties as of 6 December 2000. On Friday, 24 November, the COP also invited the

Federal Republic of Yugoslavia to participate in its work as an Observer, pending receipt of a communications on the outcome of ongoing discussions held between the UN Office of Legal Affairs, interested Parties and UN bodies.

**ADOPTION OF THE RULES OF PROCEDURE:** On 13 November, COP-6 considered the rules of procedure. President Pronk noted that there was still no consensus on draft rule 42 (voting), and delegates decided to apply the draft rules with the exception of this provision. He added that consultations would be held on this issue. On Saturday, 25 November, President Pronk reported back to delegates that consultations had not been possible, given the heavy workload, and that the matter would be placed on the provisional agenda for COP-7 (FCCC/CP/2000/L.1/Add.1).

**ADOPTION OF AGENDA:** On 13 November, COP-6 adopted its agenda, with the exception of item 5 on "Second review of adequacy of Article 4.2(a) and (b) of the Convention," which the G-77/China had proposed to amend to "review of the adequacy of implementation of Article 4, paragraph 2(a) and (b) of the Convention" (FCCC/CP/2000/L.1/Add.1). On 25 November, President Pronk reported that there was still no consensus. He suggested including item 5 as formulated in the agenda, including the accompanying amendment by the G-77/China, on the COP-7 agenda. He said the matter would receive further consideration and he would report back to COP-7. The G-77/China said this was a sensitive matter and expressed the Group's reservations about further discussions.

**ELECTION OF OFFICERS OTHER THAN PRESIDENT:** In a COP-6 Plenary session held on Monday, 20 November, President Pronk reported that some regional groups had requested more time to finalize their bureau nominations. It was agreed that the COP-5 Bureau would continue in office until this matter was resolved. The issue was taken up again on Friday, 24 November, when COP-6 elected its Bureau members. The Vice Presidents elected were: Philip Gwage (Uganda), Mohammed Barkindo (Nigeria), Vyatcheslav Lipinsky (Ukraine), Andrej Kranjc (Slovenia), Raul Estrada-Oyuela (Argentina), and Tuiloma Neroni Slade (Samoa). Gao Feng (China) was elected Rapporteur. Harald Dovland (Norway) and John Ashe (Antigua and Barbuda) were re-appointed as Chairs of SBSTA and SBI, respectively, after a waiver of a procedural rule to permit them to be appointed to the Bureau for a third consecutive year. On Saturday, 25 November, President Pronk noted that the Asian group had yet to nominate a second candidate and urged it to do so as soon as possible.

**ADMISSION OF OBSERVERS:** On Monday, 13 November, COP-6 admitted as observers five intergovernmental organizations and 85 non-governmental organizations (FCCC/CP/2000/2). On Friday, 24 November, Parties also agreed to admit the Association of South-East Asian Nations (ASEAN) as an observer organization, in response to a request by Malaysia (FCCC/CP/2000/2/Add.1).

**DATE AND VENUE OF COP-7:** On 25 November, COP-6 adopted a decision accepting with gratitude Morocco's offer to host COP-7 and deciding that COP-7 will be held in Marrakech from 29 October - 9 November 2001 (FCCC/CP/2000/1/Add.1).

**CALENDAR OF MEETINGS OF CONVENTION BODIES:** On 25 November, COP-6 addressed the issue of the calendar of meetings of the Convention bodies, and agreed to add the sessional periods for 2004. The first sessional period was set for 14-25 June 2004; the second, for 29 November - 10 December (FCCC/CP/2000/1).

**ADOPTION OF THE REPORT ON CREDENTIALS:** COP-6 adopted the report on credentials (FCCC/CP/2000/4) on 25 November.



## REPORTS OF THE SUBSIDIARY BODIES

The subsidiary bodies to the UNFCCC met from 13-18 November, resuming their thirteenth sessions, which began in September in Lyon, France (SB-13 Part I). At their first joint meeting in The Hague on Monday, 13 November, SBSTA Chair Harald Dovland (Norway), said the contact groups and Joint Working Group on Compliance (JWG) held at SB-13 Part I would resume their tasks. These groups – which related to key issues including adverse effects, mechanisms, compliance, capacity building, LULUCF, policies and measures, Articles 5, 7 and 8, and the financial mechanism – met on numerous occasions from 13-18 November.

On Saturday, 18 November, SBI and SBSTA met both jointly and separately to conclude the work for their thirteenth sessions and to adopt their reports of the sessions. During SB-13 Part II, the subsidiary bodies jointly addressed and forwarded draft conclusions for consideration by COP-6 on a number of issues, including adverse effects, compliance, the mechanisms, activities implemented jointly under the pilot phase, and capacity building (FCCC/SBI/2000/CRP.11 and FCCC/SBSTA/2000/CRP.10). SBI separately took up: organizational matters, Annex I communications – greenhouse gas inventory data from 1990-98; non-Annex I communications; financial mechanism; and administrative and financial matters (FCCC/SBI/2000/CRP.11). SBSTA separately addressed: organizational matters; methodological issues, including LULUCF, Articles 5, 7 and 8, and impact of single projects on emissions in the commitment period; technology development and transfer; policies and measures; and cooperation with relevant organizations (FCCC/SBSTA/2000/CRP.10).

On Monday, 20 November, SBI Chair John Ashe (Antigua and Barbuda) and SBSTA Chair Dovland reported to COP-6 on the work of the subsidiary bodies at their twelfth sessions, held in June 2000, and at Part I of their thirteenth sessions, held in September 2000. They also provided oral reports on progress made during Part II of their thirteenth sessions. COP-6 took note of these reports (SBI-12 – FCCC/SBI/2000/5; SBI-13 Part I – FCCC/SBI/2000/10; SBSTA-12 – FCCC/SBSTA/2000/5; SBSTA-13 Part I – FCCC/SBSTA/2000/10).

## REVIEW OF IMPLEMENTATION OF COMMITMENTS AND OTHER PROVISIONS OF THE UNFCCC

**ANNEX I COMMUNICATIONS:** On Monday, 13 November, SBI Chair Ashe introduced documents containing greenhouse gas inventory data from Annex I Parties for 1990-98, and on the progress of the in-depth reviews of Annex I Parties' second national communications (FCCC/SBI/2000/INF.14, FCCC/SBI/2000/14, FCCC/SBI/2000/11, and FCCC/SBI/2000/INF.13). In its closing session on Saturday, 18 November, the SBI adopted draft conclusions on this issue, noting difficulties in comparing trends in emissions as a result of incomplete and inconsistent reporting by some Annex I Parties. The SBI also expressed concern over the increase in emissions of many Annex I Parties and reaffirmed the need for further action to reverse the trend. On Saturday, 25 November, the COP took note of these conclusions (FCCC/SBI/2000/CRP.14).

**NON-ANNEX I COMMUNICATIONS:** On 13 November, delegates addressed the provision of financial and technical support to non-Annex I Parties and considered a document on the financial support provided by the GEF for the preparation of national communications (FCCC/SBI/2000/INF.8) and the report of the second meeting of the Consultative Group of Experts (FCCC/SBI/2000/16). Mauritania, on behalf of the G-77/China, stressed that lack of funding and support for inventory compilation and national communications significantly

influenced accuracy of the data and the rate at which progress was being made. The Secretariat also introduced its second compilation and synthesis of non-Annex I Parties' initial national communications.

On Saturday, 18 November, delegates considered and adopted the SBI draft conclusions to be forwarded to COP-6 on the provision of financial and technical support (FCCC/SBI/2000/CRP.12), and on the report of the second meeting of the Consultative Group of Experts (FCCC/SBI/2000/CRP.13). They also considered and agreed to transmit a recommendation by the SBI to the COP, which included a draft decision on the second compilation and synthesis of initial national communications of non-Annex I Parties.

On Saturday, 25 November, the COP adopted the decision (FCCC/SBI/2000/L.5) on the second compilation and synthesis of initial national communications of non-Annex I Parties, which requests non-Annex I Parties that have not made their initial communications within three years of entry into force of the Convention for those Parties, to do so as soon as possible. It also requests the Secretariat to prepare the third compilation and synthesis of initial national communications by COP-7, and report on issues, constraints and problems encountered in using the UNFCCC guidelines for preparation of non-Annex I communications, as well as any other issues raised by Parties.

**REPORT OF THE GEF AS THE FINANCIAL MECHANISM:** During the first week of negotiations, delegates met several times in contact group meetings and "informal informal" consultations co-chaired by SBI Chair John Ashe and Kerry Groves (Australia) to consider draft text on additional guidance to the GEF. Discussions cleared some bracketed text, however disagreements remained on several paragraphs, including sources of information on which to base funding for Stage II adaptation activities. Draft conclusions were forwarded by the SBI to the COP-6 on Monday, 20 November. Also during the first week, a group on financial issues – mandated by President Pronk – met on 17 and 18 November to begin discussions on cross-cutting financial and funding issues being considered in parallel negotiations on capacity building, technology transfer and adverse effects. Due to process-related objections raised by the G-77/China, the financial issues group failed to make substantive progress. During the second week of negotiations, the financial mechanism and broader issues related to funding were addressed in high-level informal discussions as part of President Pronk's "Box A" cluster of "crunch" issues. Since there was no final agreement in these negotiations, the discussions and draft conclusions were referred to the resumed session of COP-6 for further consideration.

**SB-13 Part II:** In the SBI meeting on Monday, 13 November, Chair Ashe introduced documents containing a report of the GEF to COP-6 on its activities under the financial mechanism (FCCC/CP/2000/3), and a review by the GEF of its climate change enabling activities (FCCC/CP/2000/3/Add.1). On 15 and 16 November, SBI Chair Ashe, with contact group Co-Chair Groves, convened closed "informal informal" consultations to consider a revised Co-Chairs' text on additional guidance to the operating entity of the financial mechanism. Discussions focused on text relating to the provision of GEF resources for country-driven Stage II adaptation activities. Parties could not agree whether these adaptation activities should be in the context of/build upon national communications [and] [or] national studies. The text remained in brackets, as did text on demonstration projects. Delegates also discussed and failed to agree on text requesting the GEF to continue to provide financing, where appropriate, and consistent with both the guidance of the COP and the GEF's



mandate, to support the implementation of the capacity building framework, and to further support, enhance and implement the GEF's capacity-building activities in accordance with the framework.

In the SBI meeting on Saturday, 18 November, Chair Ashe introduced the draft conclusions on the report of the GEF (FCCC/SBI/2000/CRP.15). He then introduced the draft conclusions on additional guidance to the operating entity of the financial mechanism (FCCC/SBI/2000/CRP.16/Rev.1). Co-Chair Groves reported on the outcome of the financial mechanisms contact group discussions. On the issue of funding for Stage II adaptation activities, he said the G-77/China wanted to have the COP-4 decision (2/CP.4) refined so that Stage II adaptation activities could be based on national communications or in-depth studies on vulnerability. He said Annex II Parties preferred to retain the thrust of the COP-4 decision with flexibility, allowing small island developing States (SIDS) and LDCs to receive funding based solely on their vulnerability.

The US and EU opposed a proposal by Argentina to remove brackets from text on national communications, which would have permitted funding for Stage II adaptation activities to be based either on national communications or other national studies. The G-77/China, supported by Argentina, the Alliance of Small Island States (AOSIS), Saudi Arabia and other developing countries, expressed disappointment at the lack of agreement on the financial mechanism. The SBI agreed to transmit this text with the brackets to the COP for its consideration.

**Cross-cutting Financial Issues:** Cross-cutting financial issues relating to capacity building, technology transfer, adverse effects and guidance to the GEF were addressed by a group on financial issues, which was convened on 17 and 18 November. Co-Chair Kerry Groves (Australia) said the financial issues group was mandated by President Pronk to examine funding proposals discussed in the contact groups on capacity building, technology transfer and adverse effects. He said the group would provide input that would assist President Pronk in preparing elements of a framework to integrate the various proposals that could help focus high-level deliberations among ministers and heads of delegation.

He invited Parties to examine the paper prepared by the Secretariat, which lists the proposals, in order to identify what funding activities participants thought might be undertaken by the GEF and by alternative funding sources/mechanisms. Argentina, the G-77/China and others expressed concern that this group was not established using the usual process. The G-77/China said it was not able to participate in the discussion, noting the absence of its issue coordinators and the need for sufficient time to consider the whole issue in context. The meeting closed without having undertaken a substantive discussion or examination of these issues, which were left to be taken up in high-level consultations the following week.

**COP-6 High-level Informal Discussions:** On Monday, 20 November, President Pronk outlined the "crunch" issues on which agreement had not been reached. The financing issue was considered in "Box A" along with adverse effects, technology transfer and capacity building. President Pronk noted disagreement on: the types of adaptation activities the GEF should fund, and modalities for such funding; whether the GEF should fund capacity-building for disaster preparedness and disaster management, and for the establishment or strengthening of early warning systems for extreme weather events, issues he said were closely linked to negotiations on adverse effects of climate change; and whether the GEF should be the only channel for funding in certain areas, including technology transfer.

On Tuesday, 21 November, an informal group was convened and facilitated by Minister Sven Auken (Denmark) and Minister Rejice Mabudhafasi (South Africa) and assisted by SBI Chair John Ashe, to address this issue together with the other "Box A" issues.

On Wednesday, 22 November, in the informal high-level Plenary, Minister Auken reported that resolution of the funding issue would enable progress on many of the outstanding issues, and noted the apparent flexibility in the views on the GEF, indicating that other possibilities for new and additional funding were being explored by Parties. Japan, supported by Canada, noted the tabling of a draft proposal by the Umbrella Group (a loose alliance of Annex I Parties that includes the US, Canada, Australia, Japan, Norway, the Russian Federation, Ukraine, and New Zealand) on the creation of a new "window" in the GEF to channel funding for the issues discussed in "Box A", the streamlining of the GEF; and special consideration for LDCs and SIDS. Minister Auken said a separate EU proposal on financial issues had also been presented and that, based also on the proposal submitted by the Umbrella Group, there was substantial material on which to negotiate.

In the informal high-level Plenary on Thursday, 23 November, Ministers Mabudhafasi and Auken reported that despite the consultations, the financing issue remained unresolved.

**President's Note:** In an attempt to progress the negotiations on this issue, on Thursday evening, 23 November, President Pronk distributed a Note, which proposed creating an Adaptation Fund, a Convention Fund, and a Climate Resources Committee, as well as increasing resources for climate change funding.

The Adaptation Fund would be a new fund under the GEF, created as a trust fund, with special consideration given to the needs of the LDCs and SIDS. This fund would finance concrete adaptation projects in non-Annex I Parties (Stage III activities) with finances generated by the share of proceeds on the CDM (2% of the Certified Emissions Reductions (CERs) generated by a project) and implemented by the UN implementing agencies. Activities would include: avoidance of deforestation, combating land degradation, and desertification.

The proposed Convention Fund would be a window under the GEF, with separate guidance and special consideration given to the needs of the LDCs and SIDS. Under this window, Annex II Parties would provide new and additional funds for activities in developing countries. It would also provide support for capacity building in countries with economies in transition. The funding would come from a third replenishment of the GEF, voluntary contributions by Annex II Parties, and transferral of a certain percentage of Annex II Parties' initial assigned amount to the registry of the fund. Annex I Parties would be able to acquire these units, on the basis of Protocol Article 17, for the purpose of meeting commitments of Protocol Article 3.1.

The Note also proposed increasing resources through other channels, with the aim of reaching an annual level of US\$1 billion by 2005. If this level was not reached, a levy would be applied on JI and/or emissions trading. It further proposed the establishment of a Climate Resources Committee at COP-7 to give advice to existing financial channels and institutions, such as the GEF and regional development banks, focusing on: how to increase climate funding, mainstreaming, and monitoring and assessment.

**Conclusion of COP-6 Part I:** Ministerial negotiations on President Pronk's Note took place throughout Friday and into Saturday. However, after almost 36 hours of intense talks, negotiators did not achieve a breakthrough, and on Saturday afternoon, 25 November, President Pronk convened a final high-level informal Plenary in which he announced that delegates had failed to reach agreement.



On 25 November, the reports and draft decision were addressed in the closing Plenary. The COP took note of the Report of the Global Environment Facility to the COP (FCCC/SBI/2000/CRP.15), including the report on the review of the implementation of commitments and of other provisions of the UNFCCC (FCCC/CP/2000/3) and the report on the review of the GEF's climate change enabling activities (FCCC/CP/2000/3/Add.1), as well as the draft decision on Additional guidance to an operating entity of the financial mechanism (FCCC/CP/2000/CRP.8). Since no agreement was reached on the draft conclusion, draft decision, reports, or "crunch issues" outlined by President Pronk, the Plenary deferred decision to the resumed session of COP-6.

**CAPACITY BUILDING:** During the first week of negotiations, delegates discussed issues related to capacity building in a contact group that divided into two sub-groups: one on countries with economies in transition (EITs) and one on developing countries. A number of closed "informal informals" were also convened. Discussions in both groups focused on draft COP decisions and frameworks for capacity building in EITs and developing countries. Following the first week's negotiations, draft conclusions, with the bracketed frameworks annexed, were presented by SBSTA-13 to the COP on Monday, 20 November. During the second week of negotiations, the issue of capacity building was addressed in high-level informal discussions as part of President Pronk's first cluster of "crunch issues" – "Box A."

**SB-13 Part II:** During the opening SBI/SBSTA meeting on Monday, 13 November, SBSTA Chair Dovland recalled that the subsidiary bodies had agreed at a previous session to continue considering capacity building on the basis of two draft decisions, one for countries with economies in transition and one for developing countries. This issue was then considered in a contact group, co-chaired by SBI Chair Ashe and Jukka Uosukainen (Finland), and in "informal informal" consultations.

**Capacity Building in Countries with Economies in Transition:** On Tuesday, 14 November, this contact group took up the draft decision and annexed draft framework on capacity building in EITs. Delegates cleared all of the legal and most of the substantive issues contained in the draft decision as well as the framework for capacity building. During this meeting, the US and EU requested that text on the provision of financial and technical support for the implementation of the framework through the "GEF within its mandate" be bracketed pending the outcome of the contact group on the financial mechanism. On Thursday, 16 November, the group revisited the remaining bracketed paragraphs and agreed to remove brackets around reference to Protocol Article 10 (existing commitments) in the preamble. However, the group failed to remove brackets around the paragraphs on financial issues and the role of the GEF, and agreed to forward the text as it stood to the subsidiary bodies.

During the closing session of the subsidiary bodies on Saturday, 18 November, Co-Chair Uosukainen reported that the contact group had agreed on a framework that sets out the scope and basis for action in EITs, identifies EIT priorities, and outlines responsibilities of EITs in implementing the framework and those of Annex II Parties – industrialized Parties having financial and technology transfer commitments under the UNFCCC – in assisting EITs.

In this draft decision (FCCC/CP/2000/CRP.12), the subsidiary bodies recommend that the COP, *inter alia*, adopt the framework for capacity building in EITs, decide to review the effectiveness of the framework at regular intervals, and urge multilateral and bilateral agencies to coordinate in support of the implementation of the annexed framework. It also recommends that the first Meeting of the Parties to

the Protocol (COP/MOP-1) adopt a decision endorsing a framework for capacity building under the UNFCCC, that parallels the annexed framework, with additional reference to areas for capacity building relating to the implementation of the Protocol. The subsidiary bodies agreed to forward the draft decision and annexed framework to the COP for consideration.

**Capacity Building in Developing Countries:** Delegates began considering the Co-Chairs' paper containing a proposal for a draft decision and an annex outlining a capacity-building framework in developing countries in "informal informal" meetings on 15 and 16 November. On 16 November, they agreed to defer the paragraphs on financing and the role of the GEF to the contact group addressing the financial mechanism. They could not agree on who would monitor and review progress of implementation of the decision, and at what intervals.

The contact group held its final meeting on 17 November. Delegates considered all the outstanding bracketed paragraphs in the draft decision and the draft framework. On the operational paragraph containing the purpose of the framework, delegates agreed that the framework "should" guide capacity-building activities related to the implementation of the UNFCCC. They agreed to recommend COP/MOP-1 to adopt a decision containing a framework for capacity building that reaffirms this framework with additional reference to priority areas for capacity building relating to the implementation of the Protocol.

In the scope for capacity building outlined in the annexed framework, delegates debated and failed to remove brackets from language relating to adaptation response measures. They also disagreed on the need for national adaptation programmes of action, with the US stating that this was being considered by the contact group on adverse effects.

In his report to the joint subsidiary bodies meeting on 18 November, Co-Chair Uosukainen said there was agreement that the framework should guide capacity-building activities related to UNFCCC implementation in developing countries. He noted the cross-cutting nature of the outstanding issues relating to financial issues, which had been conveyed to the group working on the financial mechanism, and to the implementation of adaptation measures and national programmes of action, being considered in the contact group on adverse effects. In the draft decision, the subsidiary bodies recommend that the COP, *inter alia*:

- urge the operating entity of the financial mechanism to adopt a streamlined and expedited approach in financing activities within the framework on capacity building in developing countries;
- encourage bilateral and multilateral agencies, and other intergovernmental organizations to consult with developing countries in formulating programmes and action plans to support capacity-building activities in accordance with the framework; and
- decide to conduct a comprehensive review of the implementation of this framework at COP-9 and every five years thereafter.

The draft framework presents the purpose, guiding principles, objective and scope and implementation guidelines, including sections on financing and operation, time-frame, review of progress and the role of the Secretariat. This draft decision and annexed draft framework (FCCC/CP/2000/CRP.11) were then forwarded to the COP for consideration.

**COP-6 High-level Informal Discussions:** During the informal high-level Plenary meetings held during the COP, this matter was considered under "Box A" issues, as identified by President Pronk, which also included adverse effects and technology transfer. "Informal



informal” ministerial consultations co-facilitated by Ministers Mabudhafasi and Auken made progress, except on the outstanding financing issues.

**President’s Note:** Since the ministers were unable to reach agreement, President Pronk proposed in his Note to establish a framework to guide capacity-building activities related to UNFCCC and Protocol implementation, in order to assist non-Annex I Parties, as elaborated in the two draft decisions. Subsequent high-level negotiations failed to reach agreement and the issue will now be taken up during the resumed COP-6 session.

#### **DEVELOPMENT AND TRANSFER OF TECHNOLOGIES:**

During the first week of negotiations, delegates met six times in contact group meetings as well as in “informal informal” consultations, to consider the Co-Chairs’ revised text on a draft framework to enhance meaningful and effective actions under UNFCCC Article 4.5 (development and transfer of technology). The first week’s negotiations focused on themes in the framework relating to technology needs assessment, technology information, and enabling environments, as well as capacity building and mechanisms for technology transfer. Following this, a revised text containing many brackets was presented to COP-6 by the SBSTA on Monday, 20 November. During the second week of negotiations, development and transfer of technologies was considered in high-level informal discussions as part of President Pronk’s cluster of crunch issues contained in his “Box A.” However, high-level negotiations during the second week failed to produce agreement, and text on this issue – still containing brackets – will be considered again at the resumed session of COP-6.

**SB-13 Part II:** At its first meeting on 13 November, SBSTA decided to reconvene the contact group co-chaired by Jean Cooper (Canada) and Oladapo Afolabi (Nigeria) established in Lyon. During the first meeting of the contact group, the G-77/China questioned the basis for the negotiations, recalling that they had submitted a proposal for a draft decision in Lyon. The Co-Chairs explained that the draft text under consideration was based on the Friends’ of the Chair consultations. Among the issues discussed in the group was a proposal by Poland to include reference to EITs, which Brazil said was not explicitly reflected in Article 4.5.

On 14 November, the Co-Chairs presented a revised text on the framework with three additional appendices relating to: an international clearinghouse; capacity-building activities on technology transfer; and preliminary ideas for Terms of Reference for an “international panel of experts on technology transfer” or the “advisory group of experts on technology transfer.” Delegates addressed issues relating to the funding of the assessment, and whether the clearinghouse should be virtual and whether it should be a permanent institution.

On the implementation of enabling environments, the G-77/China said developing countries’ actions depend on implementation of Annex I commitments. Brazil, with China and Thailand, strongly objected to a US proposal that made reference to the technology transfer and the CDM, opposing attempts to link technology transfer under the UNFCCC to the Protocol.

The US, Australia, Canada, Japan and New Zealand submitted a proposal for a draft decision, which, *inter alia*, acknowledges the potential of the CDM and JI to promote, facilitate and finance the transfer of environmentally-sound technologies to enable Parties to meet the provisions of the UNFCCC.

The contact group then split into two smaller drafting groups, one addressing the first three themes in the draft framework – technology needs assessment, technology information, and enabling environments – and the second addressing capacity building and mechanisms for

technology transfer. After several informal meetings of the drafting groups, delegates managed to agree on the first three themes. However, divergence remained on sections on capacity building and mechanisms. Delegates debated whether language used in the framework should be mandatory, that is, whether to use “shall” or “are encouraged to,” and over the need for, and composition and functions of the proposed intergovernmental panel of experts or advisory group of experts. Despite numerous closed informal consultations, these issues remained unresolved. The contact group therefore decided to forward the text to SBSTA containing the unresolved framework paragraphs and whole draft decision bracketed.

In the report back to SBSTA on 18 November, Co-Chair Afolabi said more time was needed to consult and review all possible actions. SBSTA adopted its draft conclusions containing the draft decision and annexed draft framework and transmitted them to the COP for further consideration. The bracketed draft decision (FCCC/CP/2000/CRP.7) attempts to compile the proposals submitted by Parties (FCCC/SBSTA/2000/MISC.9 and MISC.12) and the Co-Chairs’ proposal, as well as views expressed during the deliberations of the contact group. It contains different options to paragraphs in the decision, including those on the role of the public and private sectors, the financing of technology transfer, and institutional arrangements regarding the establishment of an intergovernmental technical advisory panel or *ad hoc* scientific and technical experts group.

**COP-6 High-level Informal Discussions:** This issue was considered during the informal high-level Plenary meetings under President Pronk’s “Box A” cluster of issues, together with capacity building, adverse effects and the financial issues. “Informal informal” consultations co-facilitated by Ministers Mabudhafasi and Auken were held from 21-23 November. During these consultations, delegates failed to agree on: the financial issues; the name and composition of the intergovernmental consultative group of experts; the reporting and review activities and needs under UNFCCC Article 4.5; and the development of an information clearinghouse and technology centers network.

**President’s Note:** In his Note, President Pronk proposed the establishment of an intergovernmental consultative group of technical and scientific experts under SBSTA on the basis of equal geographical distribution. This group would advise SBSTA on further actions, focus on means of addressing the identified barriers for technology transfer and facilitate information exchange and review by creating a clearinghouse and regional technology centers. SBSTA would review the group’s work on a regular basis and, if necessary, request the COP to take any further actions. No agreement was reached at the close of the COP, and this issue will be taken up during the resumed session of COP-6 (FCCC/CP/2000/CRP.7).

**ADVERSE EFFECTS:** Implementation of Article 4.8 and 4.9 of the UNFCCC and matters relating to Protocol Article 3.14 were considered by delegates in relation to both the review of implementation of UNFCCC commitments and preparations for COP/MOP-1. Delegates also considered a draft decision on input to the Third UN Conference on LDCs. During the first week of the meeting, a contact group convened several times, and an informal Friends of the Chair group also met, focusing on issues such as the operative paragraphs on implementation of Article 4.9 (LDCs), and whether to have one decision on UNFCCC Article 4.8/4.9 and Protocol Article 3.14, or two decisions. Text containing the draft decision(s) was transmitted by the joint subsidiary bodies to the COP for its consideration. During the second week of negotiations, adverse effects was considered in high-level informal discussions as part of President Pronk’s cluster of



crunch issues contained in “Box A.” However, negotiators failed to agree on these issues, and text will be considered again at the resumed session of COP-6.

**SB-13 Part II:** On Monday, 13 November, the joint SBI/SBSTA delegates considered reports of recent intersessional consultations and agreed to reconvene the contact group on this issue co-chaired by Bo Kjellén (Sweden) and Mohamad Reza Salamat (Iran) to continue consideration on the text of the draft decision(s).

On Tuesday, 14 November, Co-Chair Salamat introduced to the contact group a draft proposal on the special considerations for LDCs, which he said could possibly replace the third section of the entirely bracketed draft decision(s) on adverse effects being considered in this contact group. On whether to have one decision on Article 4.8 and 4.9 and Article 3.14, or two separate decisions, Co-Chair Salamat reported that legal advisers to the UN had indicated that two separate decisions would be appropriate, since the UNFCCC and Protocol are two distinct legal instruments, but that the decision on this issue ultimately rests with the Parties. On the section on adverse effects, the G-77/China opposed text qualifying the assessment and evaluation of action related to adaptation.

Delegates continued to discuss the text of the draft decision(s) on Wednesday, 15 November. Brackets were retained around a sub-paragraph on “demonstration adaptation projects,” and on immediate implementation of certain adaptation activities. On a sub-paragraph on disaster preparedness and management, delegates discussed whether disaster prevention was possible. Discussion on the proposed disaster fund was postponed pending outcomes of the financial issues group. A Friends of the Chair group met several times in a closed session to continue discussing the text. Delegates accepted the proposal by the LDCs to integrate the text on their special treatment into the adverse effects section of the draft decision(s). Discussion on the proposed adaptation fund and the fund supporting specific concerns of LDCs was referred to a financial issues group proposed by President Pronk, despite the reservations expressed by the G-77/China, who held that the financial issues relating to the decision(s) under Article 4.8 and 4.9 and Article 3.14 should not be discussed separately from action outlined by the decision(s).

On Saturday, 18 November, the contact group met for the last time. Co-Chair Kjellén introduced a revised Co-Chairs’ text for the draft decision(s), as well as the text of the operative paragraphs on Article 4.9 implementation and a document including proposed workshops relating to Article 4.8 and 4.9, Article 3.14 and LDCs. Delegates then debated whether information on which to base actions should derive from both national communications and other relevant information, or from just one of these two sources. Kjellén noted agreement on the inclusion of the operative paragraphs on implementation of Article 4.9 in the draft decision(s), but said the placement of this section would be announced by the G-77/China.

During the joint subsidiary bodies meeting later in the day, Co-Chair Salamat presented the draft decision(s) (FCCC/SB/2000/CRP.18). Highlighting the sense of cooperation in the discussions, he stated that the text was not fully agreed. SBI/SBSTA decided to transmit the draft decision(s) to the COP, for its consideration.

**COP-6 High-level Informal Discussions:** On Monday, 20 November, President Pronk announced, in an informal high-level Plenary, that adverse effects was one of the “crunch issues” for which agreement had not been reached on all elements. He identified the outstanding issues to be:

- all aspects relating to funding;
- the question of whether to adopt one decision (covering Article

4.8 and 4.9 and Article 3.14) or two decisions (one for Article 4.8 and 4.9 and another for Article 3.14);

- which actions should be taken to address the impacts of response measures, and whether to include compensation;
- whether to use mandatory language in the context of actions to be taken by Parties, including financing; and
- linkages between Article 3.14 and negotiations on accounting, reporting and review.

On Tuesday, 21 November, during the informal high-level Plenary, Parties responded to President Pronk’s List of Issues under the Buenos Aires Plan of Action, where he had clustered adverse effects with capacity building, technology transfer, and guidance to the GEF in “Box A.” Summarizing the discussion, President Pronk said further unanswered questions on adverse effects related to how to give substance to the request for compensation on Article 3.14 and how to organize special facilities for LDCs. The discussions were referred to informal consultations, co-facilitated by Ministers Auken and Mabudhafasi.

On Wednesday, 22 November, Minister Mabudhafasi reported on progress made on Tuesday and noted that participants had recognized the need to move toward concrete action. However, during the second informal high-level Plenary of the day, Minister Auken said that much remained unresolved, and informal contact groups had been formed to deal with specific issues.

On Thursday, 23 November, Minister Auken reported that there was deadlock on key “crunch” issues, and that assistance from contact group Co-Chairs Salamat and Kjellén had been requested.

**President’s Note:** On Thursday evening, COP-6 President Pronk presented a Note outlining proposals for a compromise agreement on the key unresolved issues. On adverse effects, the Note outlined actions to be taken by Annex II Parties, including: initiating pilot/demonstration adaptation projects; undertaking adaptation projects where sufficient information is available in specified areas; and strengthening and establishing national and regional centers, as well as information networks for rapid response to extreme weather events.

The Note also proposed actions to address the impacts of response measures under Article 3.14. It suggested that Annex I and other Parties may report on their efforts to limit such impacts of their implemented or future policies and measures in their national communications, which would be reviewed under Protocol Article 8, allowing flexibility for EITs. The note further put forward actions by Annex II Parties to address impacts of response measures on non-Annex I Parties under Article 4.8, through concrete actions based on, *inter alia*, further methodological work in economic diversification, increasing energy efficiency in fossil fuel production, and advanced fossil fuel technologies. These non-Annex I Parties should also report their specific needs and concerns in their national communications.

On the needs of LDCs, including SIDS, the note suggested: a separate work programme to be financed by the GEF, which would focus on vulnerability and adaptation needs assessment, including technology transfer and capacity building; development of national adaptation programmes of action; implementation of concrete adaptation projects; and the establishment of an LDC group of experts. Also, in order to encourage a greater flow of CDM projects to the LDCs, the note proposed that CDM projects in LDCs be exempt from the share of proceeds for adaptation, and that the implementation of “small scale CDM projects” be promoted.

**Conclusion of COP-6 Part I:** On Saturday, 25 November, the COP noted that no agreement had been reached and deferred consideration of this issue to its resumed session (FCCC/CP/2000/CRP.5). The



COP then took note of a list of proposed workshops relating to Article 4.8 and 4.9, Article 3.14 and LDCs and adopted a document containing the Input to the Third United Nations Conference on the Least Developed Countries (FCCC/CP/2000/CRP.13).

**ACTIVITIES IMPLEMENTED JOINTLY (AIJ):** At the joint SBI/SBSTA meeting on Monday, 13 November, SBSTA Chair Dovland said Parties had agreed, at a previous session, to defer consideration of the draft revised uniform reporting format to SB-14. However, he asked Kok Kee Chow (Malaysia), Chair of the contact group on the mechanisms, to consult on a possible draft COP-6 decision depending on the outcome of the negotiations on the mechanisms. On AIJ, the joint SBI/SBSTA meeting on Saturday, 18 November, agreed to forward to the COP proposed draft conclusions containing a draft decision based on Chair Chow's informal consultations.

The COP-6 Plenary on Saturday, 25 November, took note of the draft decision on AIJ under the pilot phase (FCCC/SB/2000/CRP.23), and will take up this issue again at its resumed session. The draft decision takes note of the fourth synthesis report on AIJ and of the draft revised uniform reporting format. Under the decision, Parties decide to continue the pilot phase for AIJ, and request the Secretariat to organize a workshop on the revised reporting format prior to SB-14. The draft decision further encourages Parties to submit information using the revised reporting format for the fourth annual synthesis report by 15 June 2001.

#### **PROPOSAL TO AMEND UNFCCC ANNEXES I AND II**

During the formal Plenary meeting on Monday, 20 November, Turkey, an observer State, called for its removal from the group of Annex II Parties and requested to be considered an Annex I Party with special circumstances. On Friday, 24 November, President Pronk reported on relevant consultations held and invited Parties to consider the amendment proposal at the next session of the SBI, for definitive action at COP-7. The US, Pakistan and Kazakhstan supported the proposal made by Turkey and this issue was deferred to SB-14.

#### **PREPARATIONS FOR COP/MOP-1**

**PROTOCOL ARTICLES 5, 7 AND 8:** Delegates considered guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information) in SBSTA meetings and a contact group co-chaired by Helen Plume (New Zealand) and Newton Paciornik (Brazil) that met during the first week. Having made some progress on technical issues, text was forwarded by the SBSTA to the COP on 18 November. This issue was then taken up in informal high-level Plenary meetings and informal consultations during the second week of negotiations. Since agreement on this issue was not achieved, text will be considered again at the resumed session of COP-6.

**SBSTA-13 Part II:** On Monday, 13 November, SBSTA heard a report from contact group Co-Chair Plume on progress made at SB-13 Part I, as well as during the intersessional informal consultations. She said a revised paper had been prepared on that basis and that a number of issues remained unresolved.

On Tuesday, 14 November, Co-Chair Plume presented the contact group with a list of important issues requiring resolution:

- first order compliance;
- criteria for non-compliance;
- [initial] assigned amounts;
- timing for reporting and review;
- annual or periodic reporting and review of Article 3.14 (adverse effects);

- demonstrable progress;
- reporting on Article 4 (joint fulfillment);
- reporting on Articles 10 (existing commitments) and 11 (financial mechanism);
- [issuance and cancellation of assigned amounts related to Article 3.3 (afforestation, reforestation, deforestation) and 3.4 (additional activities)].

Delegates added to this list: expert review teams (ERTs); confidentiality; reporting on domestic and legislative arrangements; questions of implementation; and supplementary information under Article 7.

On first order problems, the US explained that annual reports include information on both inventories and the assigned amount and, opposed by the G-77/China, suggested that first-order problems only refer to the former. On "[initial] assigned amounts," the US and Japan stressed that the terminology was dependent on the outcome of the mechanisms group, while Brazil, supported by the G-77/China, said the terminology related to Protocol Article 3.1 (assigned amounts). On the timing for reporting and review, discussions focused on the deadline for the submission of information under Article 7 and highlighted the linkages with the mechanisms group. The US, Japan, New Zealand and the EU supported 1 January 2007 as this deadline, while Samoa preferred the year 2005, so as to allow a pre-first commitment period review and determination of eligibility to participate in the mechanisms. On demonstrable progress, the EU, opposed by the US, expressed support for an obligation for each Party to demonstrate, in its national communication, progress in meeting its commitments by 2005.

On Wednesday, 15 November, the contact group continued consideration of the identified important issues. On reporting under Articles 10 and 11, the G-77/China, opposed by the US and EU, said Annex I Parties should also be requested to report on the implementation of their commitments related to the transfer of technologies and the provision of "new and additional" financial resources. Regarding "[issuance and cancellation of assigned amounts (AAs) related to Protocol Article 3.3 and 3.4]" the G-77/China, supported by the EU and US, suggested referring to "additions" and "subtractions" from AAs in the guidelines under Article 7. Opposed by New Zealand and supported by India, he added that, pending agreement of this issue in the LULUCF group, any reference to Article 3.4 should be bracketed.

In the guidelines under Article 8, the G-77/China suggested deleting Part III on the review of information on AAs. India explained that AAs are fixed amounts and therefore cannot be reviewed, however, the information on additions and subtractions would be reviewed. Brazil, on behalf of the G-77/China, then introduced a text for a new Part III *bis* that addresses the terminology "initial AA" and replaces it with "amounts that contribute to the compliance of a Party included in Annex I with the quantified emission limitation and reduction commitment under Article 3."

On expert review teams (ERTs), the G-77/China recommended drawing on a roster of experts reflecting regional balance. On confidentiality, the EU introduced new text that provides, *inter alia*, that the ERTs shall guarantee the confidentiality of information that a Party indicates is confidential, and that if a Party does not provide sufficient information for the assessment of its conformity with the revised IPCC guidelines, the ERT shall assume the estimate was not prepared accordingly.

On reporting of supplementary information under Article 7, the EU, supported by Samoa and opposed by the US, Australia, Japan and New Zealand, proposed text for a section on "domestic programmes,"



which requires reporting on domestic policies and measures as well as on the domestic system for monitoring legal entities' participation in international emissions trading.

On "questions of implementation," the US, G-77/China, Brazil and India opposed Japan's proposal to limit this concept to the mandatory requirements of the guidelines under Articles 5.1 (national systems) and 7.2 (supplementary information). Concluding this meeting, Co-Chair Paciornik said the Co-Chairs would prepare a working paper.

On Thursday, 16 November Co-Chair Plume presented the working paper to the contact group and explained the changes introduced. Delegates then highlighted a number of issues with which they had some concerns. On elements related to good practice guidance and adjustments under Article 5.2 (adjustments), the G-77/China suggested bracketing text on estimates of emissions and removals from LULUCF since the discussions in the group on LULUCF had not been concluded. New Zealand, with the EU, US and Japan, emphasized that such estimates from all sectors should be prepared under good practice guidance, and be adjusted when they are not prepared according to the agreed methodologies. In elements for a draft COP/MOP-1 decision on this matter, the EU, Switzerland and Norway disagreed over a US proposal, supported by Saudi Arabia, New Zealand and Australia, to include text on ensuring that adjustment procedures are conservative so that Parties would not be unduly penalized. The Co-Chairs requested interested Parties to meet to further discuss the unresolved paragraphs.

On Friday, 17 November, the contact group continued consideration of the Co-Chairs' working paper. On the draft COP/MOP-1 decision related to Article 5.2, the US suggested that adjustments applying to a Party's base-year inventory estimates could not be replaced by revised estimates subsequent to the establishment of a Party's initial AA. The G-77/China, opposed by the EU, said inventory estimates of a year during the commitment period that had been adjusted should not be revised and that consequently, adjustments of estimates of both the base year inventory and the inventory during the commitment period could not be revised.

On a proposal by the G-77/China to delete Part III on the review of information on AA, the US said the guidelines should provide for review of information related to AA. Delegates convened throughout the afternoon and late into the night in a meeting of the Friends of the Co-Chairs, to continue consideration of the Co-Chairs' working paper.

On Saturday, 18 November, Co-Chair Plume summarized the progress made in the Friends of the Co-Chairs group and said that further work on the guidelines would be undertaken, in one form or the other, during the following week.

During the SBSTA meeting on Saturday, 18 November, contact group Co-Chair Paciornik introduced draft conclusions recommending adoption by COP/MOP-1 of guidelines under Article 5.1 (FCCC/SBSTA/2000/CRP.16), as well as draft SBSTA conclusions on guidelines under Articles 5, 7 and 8 (FCCC/SBSTA/2000/CRP.17). He said that although these guidelines still contained bracketed text, progress was being made toward ensuring the Protocol's credibility. SBSTA adopted both draft conclusions.

**COP-6 High-level Informal Discussions:** In the informal, high-level Plenary session on Tuesday, 21 November, President Pronk said he had clustered this issue in the fourth box, "Box D," together with compliance and policies and measures. The G-77/China said three elements were missing from President Pronk's summary of key issues: reporting and review on Articles 10, 11 and on the issue of supplementary; equitable geographical representation of ERTs; and reporting and review of Article 3.2 (demonstrable progress) and 3.14 (adverse

effects). Delegates then met in informal small groups co-facilitated by Minister Siri Bjerke (Norway) and Minister Suresh Prabhu (India) on Wednesday to further consider this issue.

On Wednesday, 22 November, Minister Bjerke reported on the work carried out in the informal small groups. She said text on reporting under Articles 10 and 11 had been elaborated, and the only bracket remaining in the decision on Article 8 related to the composition of the ERTs. She said further brackets remained on issues that were dependent on the outcome of other groups.

**President's Note:** The informal Note elaborated by President Pronk and presented on Thursday, 23 November, did not address the outstanding issues related to Articles 5, 7 and 8, suggesting that these could be resolved when other issues have been dealt with.

During the following days, this item was considered by delegates in closed informal negotiations, who reached agreement on some of the remaining technical issues. Outstanding questions in the guidelines under Articles 5, 7 and 8 include issues specific to the guidelines, such as the allowed level of inventory adjustment not constituting a first-order problem and the composition of the ERTs, as well as cross-cutting issues awaiting resolution in other groups, such as supplementary information relevant to Article 3, in particular 3.3 and 3.14, information on Emissions Reduction Units, Certified Emission Reductions and Assigned Amount Units, and reporting on Article 4.

**Conclusion of COP-6 Part I:** On Saturday, 25 November, delegates convened in a COP Plenary and took note of a Note by the President on National Systems, Adjustments and Guidelines under Articles 5, 7 and 8 of the Kyoto Protocol based on the text forwarded by SBSTA on Saturday, 18 November, as well as informal consultations (FCCC/CP/2000/CRP.10) and the draft decision on Guidelines under Article 5.1 (FCCC/CP/2000/L.2). Both items will be considered at the resumed COP-6 session.

**LAND USE, LAND-USE CHANGE AND FORESTRY (LULUCF):** Text for decisions on LULUCF were considered during SBSTA-13 Part II in a contact group co-chaired by Halldor Thorgeirsson (Iceland) and Philip Gwage (Uganda) that convened five times during the first week, as well as in an informal Friends of the Chair group that met on 17 and 18 November. These meetings focused on definitions, accounting rules, Protocol Article 3.4, and sinks in the CDM, without Parties reaching agreement. During the second week, LULUCF was considered during the informal high-level Plenary, and comprised one of the four issue-clusters ("Box C") subject to intense informal consultations on Wednesday and Thursday, 22-23 November. The outcome of these consultations was incorporated by President Pronk into his Note on 23 November, and was used as a basis for further negotiations.

**SB-13 Part II:** On Tuesday, 14 November, contact group Co-Chairs Thorgeirsson and Gwage introduced a Co-Chairs' text on LULUCF, developed on the basis of Parties' inputs during SBSTA-13 Part I and informal consultations. The US, Canada and Japan presented a proposal for the phase-in of forest management under Article 3.4 (additional activities), stressing that it provided incentives to implement additional sequestration activities. Under this approach, a certain amount of carbon would be credited, after which a discount would be applied. After a second threshold, full crediting would again be permitted.

Participants discussed this proposal as well as elements of the new Co-Chairs' text on Tuesday and Wednesday. The US, Canada and Japan supported a decision on Article 3.3 (afforestation, reforestation, deforestation) and 3.4 as a package, arguing that this is critical to the success of the Protocol. Tuvalu, on behalf of AOSIS, and the EU,



China, Norway, Peru and Malaysia opposed additional activities during the first commitment period. Brazil, on behalf of the G-77/China, stressed the key role of emissions reductions in Annex I countries.

Colombia and Bolivia cautioned against a “pick-and-choose” approach under Article 3.4, under which Annex I Parties could account for additional activities that sequester carbon but ignore additional sources. The EU stressed the need for consistency and symmetry within all definitions. He underscored that definitions under Article 3.3 and 3.4 would not necessarily be applicable under Articles 6 (JI) and 12 (CDM), should sinks be allowed. On the definition of “forest,” AOSIS supported the biome approach. The EU, the Environmental Integrity Group, Norway and Chile agreed, but said the approach is not yet mature.

On Thursday, 16 November, the contact group met to provide technical advice on inclusion of sinks under the mechanisms, although the actual decision would be taken by the mechanisms group.

Colombia presented its proposal on Expiring Certified Emissions Reductions (CERs). Noting that permanence is the main problem related to LULUCF activities, he suggested that all LULUCF projects be treated as potentially non-permanent, and that associated CERs should expire after a specific time period, after which they would be replaced.

AOSIS stressed problems with sinks in the CDM due to scale, reversibility, leakage, uncertainty, and negative environmental and social impacts. Opposing sinks in the CDM, the EU argued that inclusion would reduce the transfer of emissions reduction technology to developing countries.

Bolivia supported conservation of existing forests under the CDM. Costa Rica argued that North-South leakage would be a significant problem should LULUCF activities not be allowed. The G-77/China drew attention to the Group’s principle that sinks provide temporary removal only.

Australia and Canada said methodologies exist to deal with problems related to sinks. The US pointed out that projects differ in terms of how prone they are to leakage, and, with Canada and Japan, stressed that the scale of actual LULUCF projects implemented would be limited.

On Friday, 17 November, Switzerland, on behalf of the Environmental Integrity Group, introduced a proposal to limit credits for carbon sequestration due to windfall effects caused by, *inter alia*, carbon dioxide fertilization, nitrogen deposition, and age structure effects of forests. He said the proposal involves the subtraction of a biome-specific threshold value for windfall effects as well as a threshold value to account for other uncertainties from sink credits.

Co-Chair Thorgeirsson then distributed a new Co-Chairs’ text on LULUCF, which was not accepted by the contact group because preambular principles had been omitted. Work proceeded in the form of closed Friends of the Chairs’ consultations. However, when the contact group reconvened on Saturday, 18 November, Co-Chair Thorgeirsson explained that after meeting for 11 hours through the night, the group had not reached consensus on enough issues to warrant drawing-up new text. At the SBSTA plenary, he introduced the draft decision to be forwarded to the COP (FCCC/SBSTA/2000/CRP.11), noting principles suggested by Parties included as unedited preambular material. Summarizing the session on sinks under the mechanisms as well as submissions by Parties, he said no consensus had been reached.

**COP-6 High-level Informal Discussions:** During the first informal high-level Plenary on Monday, 20 November, the US added numbers to a proposal, on behalf of the US, Japan and Canada, to phase-in credits for activities under Article 3.4: all countries would be able to count fully not more than 20 million tonnes of annual carbon uptake in managed forests. Credits beyond this level would be discounted by two-thirds.

In the discussion in the informal high-level Plenary on Tuesday, 21 November, the UK, on behalf of the EU, responded to the US proposal. He said the EU accepts the concept of carbon sinks, especially forests, but, with the Central Group Eleven (a group of eleven central and eastern European countries) and Norway, stressed a number of problems, especially of scale. The G-77/China stressed the need to exclude credits for natural uptake. The US, with Japan, said natural effects cannot be factored out in a satisfactory manner.

An informal group, facilitated by Minister Julia Carabias Lillo (Mexico) and Minister Lázl6 Mikl6s (Slovakia) and assisted by the Co-Chairs of the LULUCF contact group, was convened. On Wednesday, 22 November, Minister Carabias Lillo reported on two sessions of informal consultations on LULUCF, which had explored different conditions for including Article 3.4 activities possibly even in the first commitment period, under controlled conditions. She noted that the issue had not yet been resolved. She said the second meeting had focused on the inclusion of LULUCF activities under the CDM. On Thursday, 23 November, she reported that the informal group on LULUCF had split into two subgroups the previous night, with one group focusing on the analysis of Article 3.4, and the other on the inclusion of LULUCF activities under the CDM. On the work of the former, she said ideas had been discussed for discounting some elements, such as pre-1990 carbon uptake. On the latter, she reported a common view within the group on the need to address permanence, and said discussions had focused on the possibility for further SBSTA consideration, with IPCC input, on this matter. She said that approaches to a first pilot phase of limited LULUCF projects had been considered. She then said the LULUCF group had now reached a limit, and there was little prospect for convergence.

**President’s Note:** President Pronk, in his 23 November Note, suggested that Parties would apply the FAO definition of “forest” under Article 3.3, taking national circumstances into consideration, and apply the IPCC definition for afforestation, reforestation and deforestation. The biome-specific approach to the forest-definition would be further investigated.

In terms of additional activities under Article 3.4 in the first commitment period, Parties would be allowed to include grazing and cropland management, forest management, and revegetation. In order to address the problem of scale, an upper limit of credits amounting to 3% of a Party’s base year emissions would be set. Furthermore, Parties would receive full credits for Article 3.4 activities up to a level canceling out a possible Article 3.3 debit, as long as the total forest stock is growing. Above this level, 85% of the credit would be reduced from forest management activities, and 30% from other Article 3.4 activities, in order to discount for non-direct human induced effects and uncertainty. This “factoring out” process would be reviewed periodically, and receive IPCC guidance. On LULUCF under the CDM, afforestation and reforestation would be allowed, while conservation projects would not. These would be prioritized under the Adaptation Fund.

**Conclusion of COP-6 Part I:** Negotiations on President Pronk’s Note left unresolved all outstanding issues, including the key question of whether to include Article 3.4 activities during the first commitment



period. During the closing Plenary of COP-6 Part I on Saturday, 25 November, delegates adopted a decision (FCCC/CP/2000/L.3) to continue work guided by the President's Note and based on negotiating texts forwarded to the COP by SBSTA-13, including the text on LULUCF (FCCC/SBSTA/2000/CRP.11).

**MECHANISMS:** During the first week, delegates discussed issues related to the Protocol mechanisms in three contact group meetings chaired by Kok Kee Chow (Malaysia), and in numerous closed "informal informals." Negotiators focused on issues of supplementarity, fungibility, the inclusion of sinks and/or nuclear energy projects within the CDM, listing projects eligible under the CDM ("positive lists"), and a levy on the mechanisms. During the second week, the issue of mechanisms was addressed in high-level informal consultations, and closed informal sessions, as part of the "Box B" cluster of "crunch issues." Key concerns on mechanisms were also addressed in the final set of closed negotiations in response to Pronk's Note. However, Parties failed to agree on these issues, in particular on the question of supplementarity.

**SB-13 Part II:** In the opening joint meeting of SB-13 Part II on Monday, 13 November, Chair Chow briefly presented the Chair's texts on Protocol Articles 6 (JI), 12 (CDM), 17 (emissions trading) and Registries (FCCC/SB/2000/10/Add.1, Add.2, Add.3 and Add.4), which had been revised since SB-13 Part I. The first contact group meeting on mechanisms was held on Monday afternoon, where Parties reiterated their positions on key issues. Following a short contact group meeting on Tuesday, 14 November, a closed "informal informal" meeting was convened. "Informal informals" were held late into the night on Tuesday, and throughout the day and late evening on Wednesday, 15 November. On Thursday, 16 November, the contact group on mechanisms met in an open session to receive feedback from Chair Chow, and a revised text was circulated on aspects of the modalities and procedures for the CDM. The closed discussions continued on Thursday afternoon and evening, and again throughout the day and late into the night on Friday, 17 November. In the course of these meetings, a number of subgroups were established, as a result of which brackets were removed from largely non-contentious portions of the text.

On Saturday, 18 November, Chair Chow reported that progress had been made, particularly regarding the decision sections of the text. In the joint subsidiary bodies meeting on Saturday afternoon, Chair Chow presented the draft conclusions on mechanisms pursuant to Articles 6, 12 and 17, and on registries (FCCC/SB/2000/CRP.19, CRP.20 and Add.1, CRP.21, and CRP.22).

**COP-6 High-level Informal Discussions:** In the SBSTA meeting on Monday, 20 November, Chair Dovland reported agreement on a "prompt start" for the CDM, the features of its institutional architecture, and the need for regional balance.

In an informal high-level Plenary on Tuesday, 21 November, ministers and senior officials presented their views on a number of outstanding "crunch issues." On the composition of the Executive Board, the G-77/China emphasized the need for fair geographical representation. The US said it could be flexible on this issue. Regarding project eligibility under the CDM, the EU, supported by Hungary, and opposed by Japan, Australia, the US, Canada and Saudi Arabia, underlined its preference for a positive list. The G-77/China argued that the host developing country should be the sole judge in deciding on projects. The Africa Group expressed concern with the proposal that submission of the national communication be a precondition for CDM participation. The US expressed flexibility on the potential for small projects, on condition that there is no positive list and that sinks are included. The US, Canada, Japan, Costa Rica, Australia,

Colombia, Honduras and Bolivia, opposed by the EU, China and Ghana, argued in favor of including sinks in the CDM. The Russian Federation suggested deferring a decision on sinks to the next commitment period. Honduras, Saudi Arabia and Hungary argued against inclusion of nuclear power in the CDM. Australia said it was for individual developing countries to decide.

On the issue of supplementarity, Japan and the US urged against renegotiating the Protocol. While recognizing the need for flexibility, the EU drew attention to the importance of domestic action. Indonesia argued in favor of requiring 70% of emissions reductions through domestic action, with the possibility of this being reduced under certain conditions. Hungary and the Africa Group, opposed by the Russian Federation and Australia, advocated implementation of a quantitative limitation on the flexibility mechanisms.

The G-77/China, the Africa Group and Samoa, opposed by the US, Canada, Japan, Russian Federation, Hungary and Australia, urged the establishment of an adaptation fund based on a levy applied to all three mechanisms. Japan, opposed by China and Indonesia, supported using ODA funding for the CDM. On emissions trading and liability, the G-77/China expressed preference for blending the "commitment period reserve" and "surplus units" options.

At the close of the informal high level Plenary on Tuesday, 21 November, an informal group was established, facilitated by Minister Yuriko Kawaguchi (Japan) and Minister Ronaldo Mota Sardenberg (Brazil), with the assistance of Kok Kee Chow. On Wednesday, 22 November, Minister Kawaguchi reported on the remaining divergent positions on the issues of supplementarity. She said the EU had expressed interest in a possible qualitative ceiling, and reported that India and the US were conducting consultations on fungibility, AAs and the composition of the Executive Board. On the CDM, she said the majority opposed an indicative list of projects.

Closed informal discussions continued on Wednesday afternoon, 22 November, and a further progress report was presented to the informal high-level Plenary that evening. The Ministers noted that while there had been some progress on eligibility and financial additionality, there had been insufficient progress on liability, supplementarity, and the composition of the Executive Board. Regarding the eligibility of projects, Minister Sardenberg said the majority of Parties opposed a list. He also noted some support on the use of ODA financing in the CDM, if this is additional to current ODA levels. He noted growing agreement on the role of small projects that may benefit from a fast track, although technical details needed to be resolved, and he said there were diverse views on the eligibility of LULUCF projects.

An informal high-level Plenary was held on Thursday morning, 23 November, to receive reports on the previous evening's closed discussions. Minister Kawaguchi said agreement was near on details relating to the CDM, including: financial additionality; fast track on small projects; use of share of proceeds from CDM for adaptation; environmental additionality; and no list for project eligibility. She noted progress on emissions trading, registries and participation. On the cross-cutting issues, she reported agreement on eligibility of Annex I Parties to use mechanisms, but disagreement on share of proceeds, fungibility and supplementarity.

**President's Note:** President Pronk's Note, issued on Thursday, 23 November, proposed that the Executive Board comprise equal numbers from each UN regional group, plus one representative from the SIDS. It stated that efforts shall be taken to reach agreement by consensus, with a three-fourths majority vote as a last resort. The Board shall be subject to the authority and guidance of, and be



accountable to, the COP/MOP. The note advocated a prompt start for the CDM, with the Board to be elected at the next session of the subsidiary bodies.

On CDM project eligibility, the note recognized the host Party's discretion to evaluate a project's contribution to sustainable development. It proposed that Annex I Parties declare their intention to refrain from using nuclear facilities for generating CERs, and that expedited consideration be given to energy efficiency improvements and renewable energy. On supplementarity, it proposed that Annex I Parties meet their emissions reduction commitments primarily through domestic action, and that compliance be assessed by the facilitative branch of the compliance committee on the basis of qualitative and quantified information.

On trading modalities and liability, the note proposed that Annex I Parties retain a portion of their AAs in their national registries, specific to that commitment period, and that this portion shall be 70% of their AAs, or the portion determined on the basis of projected or recent emissions. This shall be recalculated and, if necessary, adjusted after the annual review of each Party's emissions data.

On fungibility, the note proposed, *inter alia*, that emission reduction units and parts of assigned amounts may be exchanged according to rules and procedures to be established by the COP/MOP. The note advocated fostering equitable distribution of CDM projects. Provision is made for fostering LDC participation in the CDM. On JI, the note proposed that no stringent procedures are needed on verification if Parties meet reporting requirements, but that Parties failing to meet these requirements should follow CDM procedures.

**Conclusion of COP-6 Part I:** Despite the subsequent closed informal sessions to discuss the texts, Parties failed to reach a compromise. As a result of the discussions throughout the second week, a revised set of draft decisions on Articles 6 (JI), 12 (CDM), 17 (emissions trading) and Registries (FCCC/CP/2000/CRP.1, CRP.2, CRP.2/Add.1, CRP.3 and CRP.4) was developed for further consideration at the resumed session of COP-6.

**COMPLIANCE:** During SB-13 Part II, compliance under the Protocol was considered by joint SBSTA/SBI meetings on Monday, 13, and Saturday, 18 November, and several times by the Joint Working Group on Compliance (JWG) from Tuesday, 14, to Friday, 17 November. Delegates focused on differentiation between Annex I and non-Annex I Parties, inclusion of principles, the role of the COP/MOP, consequences, and adoption. During the second week of COP-6, the issue was further considered by the COP Plenary on Monday, 20, and Saturday, 24 November, and by the informal high level Plenary on 20-23 November, as well as in informal consultations co-facilitated by Minister Siri Bjerke (Norway) and Minister Suresh Prabhu (India) as part of President Pronk's fourth cluster of "crunch issues" – "Box D." Having failed to agree during final negotiations on 24 and 25 November, the JWG conclusions were forwarded to the resumed session of COP-6.

**SB-13 Part II:** During the first session of the joint SBI/SBSTA on Monday, 13 November, Amb. Neroni Slade (Samoa), Co-Chair of the JWG, reported on informal consultations and said a revised text had been prepared that would serve as a basis for the negotiations.

At the first session of the JWG on Tuesday, 14 November, Co-Chair Slade introduced the revised text. On the inclusion of principles within the text, the G-77/China, opposed by the US and Japan, urged their retention. On the plenary of the Compliance Committee, the G-77/China, opposed by the US, EU, Australia, the Russian Federation and New Zealand, said it should have an allocation as well as a preliminary examination function. On the mandate of the facilitation branch,

the EU, with the US, Australia and New Zealand, and opposed by Saudi Arabia, China and the United Arab Emirates, said cases should be dealt with on their merits and not on the basis of the Party involved. On the mandate of the enforcement branch, the G-77/China said the branch should only deal with Annex I Parties. Saudi Arabia and the United Arab Emirates, opposed by Samoa and Japan, said Article 3.14 (adverse effects) was enforceable.

On Wednesday, 15 November, following informal consultations by Co-Chair Slade, delegates reconvened in an evening session of the JWG and commented on the Co-Chairs' draft proposals presenting three options for the adoption of procedures and mechanisms on compliance: adoption by a decision; adoption as an amendment to the Protocol; and adoption as an agreement integrated into the Protocol. The G-77/China said it was premature to decide on one option. Japan, Australia and the Russian Federation, opposed by the US, the EU and Canada, supported adoption by a decision.

On Thursday, 16 November, delegates met in the JWG, as well as in closed "informal informal" consultations and drafting groups to continue work on negotiating text. During the formal session of the JWG, the G-77/China presented its views, contained in a new submission, on consequences under a compliance regime. On facilitative consequences, the G-77/China reiterated that these should be differentiated between Annex I and non-Annex I Parties. On enforcement consequences, she said these should only apply to Annex I Parties and, depending on the provision not complied with, include: suspension of Party's eligibility to participate in the mechanisms; submission of a compliance plan; declaration of non-compliance; suspension of rights and privileges; a contribution to the Compliance Fund; and deduction from its assigned amount in the subsequent commitment period against a penalty rate.

On Friday, 17 November, delegates met in an "informal informal" meeting to consider a revised Co-Chairs' text based on Wednesday's discussions and ensure that their proposals were adequately reflected. Delegates then convened in a formal session where they considered the report of the JWG. Co-Chair Dovland concluded the final meeting of the JWG by underlining that although delegates had hoped to have a clear text as the JWG's end product, this had been challenging due to the large number of difficult issues that had to be addressed.

On Saturday, 18 November, Co-Chair Slade presented to the joint SBI/SBSTA the report of the JWG on its work during SB-13 Part II (FCCC/SB/2000/CRP.15/Rev.1). He said two submissions from Parties on the sections on Principles and the Relationship with Article 16 (Multilateral Consultative Process) had been inadvertently omitted. The report, as amended by Co-Chair Slade, was forwarded to the COP.

**COP-6 High-level Informal Discussions:** On Monday 20, November, SBI Chair Ashe reported on the outcome of the work of the SBI during its 12th and 13th sessions, including the JWG draft conclusions (FCCC/SB/CRP.15/Rev.2). Delegates then met in an informal high-level Plenary where President Pronk suggested that the outstanding issues include: consequences, differentiation, composition, COP/MOP, legal form for adoption and mandate of the branches.

On Tuesday, 21 November, President Pronk proposed that compliance with the Protocol be clustered in "Box D" together with Articles 5, 7 and 8, and policies and measures.

On Wednesday, 22 November, delegates convened in an informal high-level Plenary session to advance negotiations on the outstanding issues. Poland, for the Central Group Eleven, said the treatment of non-compliance should not be based on the Parties, but on the nature of the commitment. With the Russian Federation, she called for flexibility for countries with EIT. China highlighted that a strict compliance



system should be based on Articles 5, 7 and 8. He added that the different responsibilities of Annex I and non-Annex I Parties should be reflected in the sections on principles, mandate and consequences. He concluded by raising the issue of the bodies' composition and called for adherence to the principles of fairness and equitable geographical representation. Pronk said the question of composition was a cross-cutting issue. Argentina expressed concern over the adoption of a compliance regime and a possible amendment of the Protocol before its entry into force. On consequences, he said good faith should constitute the main source of confidence in this agreement. The US said legally-binding consequences need not be punitive and highlighted that she supported a deduction from the following commitment period with a 1.3% penalty rate as well as a restriction on the transfer of units also applicable to Protocol Article 4 (joint fulfillment) Parties. The EU argued that Article 4 is not a mechanism, and, commenting on Argentina's intervention, said good faith is not sufficient due to inclusion of market-based mechanisms in the Protocol. He explained that legally-binding consequences were thus justified both by concerns over the environmental integrity of the Protocol, as well as by the necessity to provide the private sector with the confidence needed for the use of the mechanisms. The G-77/China stressed that non-compliance affects everyone, not only the trading partners of Annex I Parties, and urged that this must be reflected in the composition of the compliance committee.

Australia and the Russian Federation argued for a non-binding regime and said their countries were more concerned about their own compliance than that of others. Supporting Australia, Japan explained that its main trading partners were not the other Annex I Parties but non-Annex I Asian countries. AOSIS said payment in a voluntary fund would actually provide Parties with an additional flexible mechanism.

Delegates also met in closed informal consultations on these issues in the afternoon, although the meeting was cut short when protestors entered the room and disrupted negotiations. The consultations reconvened in the early evening and were followed by an informal high-level Plenary where co-facilitator Minister Bjerke reported that discussions had focused on consequences and highlighted the need for more time, given the interruption of the work.

On Thursday, 23 November, Minister Bjerke reported that the previous night's discussions had focused on the establishment and structure of the Compliance Committee, the functions of the plenary, as well as on how principles could be reflected in the compliance text. She noted that more time was needed, since not all the "crunch" issues had been resolved.

**President's Note:** Thursday night's President's Note suggested that consequences for non-compliance with Article 3.1 (assigned amounts – AAs), be agreed in advance and consist of: subtraction of excess emissions from the AA of the subsequent commitment period against a penalty rate of 1.5 to 1.75%; and submission of a compliance action plan. On differentiation between Annex I and non-Annex I Parties, it proposed that: the mandate of the enforcement branch be limited to commitments incumbent on Annex I Parties; there are no eligibility requirements for non-Annex I Parties under the CDM; and facilitative consequences are not differentiated between these two groups of Parties. On the role of the COP/MOP, the note proposed limiting it to general policy guidance, and suggests having no appeals procedure. On the mandate, it proposed that the enforcement branch cover quantitative commitments and eligibility under Protocol Articles 6, 12 and 17, and that all other cases fall within the mandate of the facilitative branch.

On the composition of the Compliance Committee, both the facilitative and the enforcement branch would have 11 members nominated on the basis of current UNFCCC practice. Under the enforcement branch, decisions would be adopted by a double majority as a whole, and in Annex I and non-Annex I, if there was no consensus. Finally, the note suggested that the compliance system be adopted, with legally binding consequences, as an agreement supplementing the Protocol prior to its entry into force.

During the following days, this issue was discussed in closed informal meetings, both among delegates and high-level officials, without an agreement being reached on the issues identified in President Pronk's Note, in particular, the enforcement consequences.

**Conclusion of COP-6 Part I:** During the Plenary meeting on Saturday, 25 November, COP-6 took note of the JWG draft conclusions (FCCC/SB/CRP.15/Rev.2) that contain one draft decision, the procedures and mechanisms relating to compliance under the Protocol, and final clauses.

**POLICIES AND MEASURES (P&Ms):** During the first week of negotiations, delegates discussed text on P&Ms in five contact group meetings co-chaired by José Roméro (Switzerland) and Richard Muyungi (Tanzania), as well as in a number of closed "informal informals." Following the first week's negotiations, which centered on text developed during SB-13 Part I, a revised set of draft conclusions containing much bracketed text was presented by SBSTA-13 to the COP on Monday, 20 November. In the second week of negotiations, the issue of P&Ms was addressed in high-level informal discussions as part of President Pronk's fourth cluster of "crunch issues" – "Box D." As a result of these discussions clean text of a draft decision on P&Ms was developed for adoption at the resumed session of COP-6.

**SB-13 Part II:** In the opening SBSTA meeting on Monday, 13 November, Chair Dovland noted that SBSTA had agreed to continue consideration of the elements on a draft decision on "best practices" in P&M that had been developed in earlier SBSTA meetings

During the contact group negotiations during the first week, Parties proposed amendments to the negotiating text. Among the issues raised were whether to: delete the section of the preamble recalling specific provisions of the UNFCCC and Protocol; include reference to enhancing the effectiveness of P&Ms in terms of Protocol Article 2 (P&Ms) in its entirety or limit it to Article 2.1(b) (Cooperation on P&Ms); include reference to specific international organizations, including in particular OPEC, to support future work on P&Ms; and whether to request the Secretariat to compile information on P&Ms implemented and planned by Annex I Parties based on information in national communications. They also discussed the use of criteria and quantitative parameters to assess the effectiveness of P&Ms and the call by the G-77/China and Saudi Arabia for an assessment of the actions of Annex I Parties in striving to implement P&Ms in such a way as to minimize adverse effects. The EU and G-77/China underscored that future work on P&Ms should contribute to an assessment of demonstrable progress of Annex I Parties in achieving their Protocol commitments.

The assessment of "demonstrable progress" was one of the most contentious issues. Canada, with the support of Japan, Australia and the US, and opposed by the G-77/China and the EU, proposed replacing the existing decision and its associated initiatives with alternative text stating that consideration of demonstrable progress cannot take place until the SBSTA has considered the issue pursuant to the guidelines that may be elaborated under Article 7, given that Articles 2 and 3.2 provide no mandate for P&Ms to be considered in the context of demonstrable progress. Following "informal informal" discussions



at the end of the first week, the Co-Chairs proposed three broad options on this issue for consideration by the COP. In the closing meeting of SBSTA-13 Part II, Co-Chair Roméro presented the revised draft conclusions on “best practices” in P&Ms among Parties included in Annex I to the Convention (FCCC/SBSTA/2000/CRP.14). These were forwarded for consideration by the COP.

**COP-6 High-level Informal Discussions:** During the informal high-level consultations held during the second week, the issue of P&Ms was considered within the fourth cluster of “crunch” issues identified by President Pronk, “Box D,” which also included consideration of compliance and Articles 5, 7 and 8. In an informal high-level Plenary on Tuesday, 21 November, ministers and senior officials presented their views on the following outstanding “crunch” issues on P&Ms: the assessment of “demonstrable progress” under Protocol Article 3.2 by 2005; approaches to dealing with the adverse impacts of P&Ms on developing countries; and the possibility of defining common criteria to assess the effectiveness of P&Ms.

The EU underlined the value of non-Annex I Parties participating in workshops on P&Ms, argued that emissions inventories alone are not comprehensive enough to assess demonstrable progress in 2005, and suggested a COP-7 decision on the information needed in this regard. The G-77/China said the whole of Protocol Article 2 should be referred to in the decision, and suggested keeping specific reference to “Annex I Parties.” At the close of the informal high-level plenary on Tuesday, an informal group was established to consider the “Box D” cluster of issues, facilitated by Ministers Bjerke and Prabhu.

In the report back to the high-level Plenary on Wednesday evening, 22 November, Minister Bjerke reported that discussions on demonstrable progress had focused on what to report and when. She noted that a sub-group had identified a possible compromise, based on the earlier proposal by Canada. On Thursday morning, 23 November, she reported that the group had converged around the idea that reporting should take place in 2005 as a report separate from national communications.

**President’s Note:** President Pronk’s Note, distributed in the evening of Thursday, 23 November, proposed that Parties continue information exchange on P&Ms, and that the COP invite the submission of views by Annex I Parties on the meaning of demonstrable progress and the need for guidelines for reporting on this progress, with a view to having further consideration at COP-7.

**Conclusion of COP-6 Part I:** By the conclusion of the meeting, negotiators managed to develop clean compromise text on a draft decision on “good practices” in P&Ms among Annex I Parties (FCCC/CP/2000/CRP.6). This draft decision, *inter alia*:

- decides that future work on P&Ms should contribute to the improvement of transparency, effectiveness and comparability of P&Ms, by: enhancing transparency in reporting on P&Ms in the national communications of Annex I Parties through, as appropriate, criteria and quantitative parameters; facilitating information sharing on ways to minimize adverse effects of P&Ms; and assisting Parties in identifying further options for cooperation between Annex I Parties to enhance the individual and combined effectiveness of their P&Ms; and
- decides that future work should contribute to the elaboration of elements for reporting information on demonstrable progress.

This draft decision will be considered further at the resumed session of COP-6.

**IMPACT OF SINGLE PROJECTS ON EMISSIONS IN THE COMMITMENT PERIOD:** During the first joint SBI/SBSTA session on Monday, 13 November, SBSTA Chair Dovland reminded

delegates of the draft decision proposed by Iceland at COP-4 and said further consultations would be conducted by Ole Plougmann (Denmark) during the week. On Saturday, 18 November, Plougmann reported to the SBI/SBSTA that consultations on this issue had resulted in an “almost agreed” draft decision (FCCC/SBSTA/2000/CRP.13). On Saturday, 25 November, the COP took note of the draft decision and will consider it further at its resumed session in order to clear remaining brackets. The draft decision defines a single project and sets the guidelines for reporting carbon dioxide emissions from a single project that has come into operation since 1990.

#### ADMINISTRATIVE AND FINANCIAL MATTERS

SBI considered the report on administrative and financial matters on Monday, 13 November. On late payment of contributions, Chair Ashe noted that informal consultations had been held, but further consideration would be postponed until SB-14, given the workload during COP-6. On Saturday, 18 November, the SBI considered and took note of a status report on receipt of contributions from Parties as at 31 October 2000 (FCCC/SBI/2000/INF.11).

SBI also considered the Headquarters Agreement. Chair Ashe recalled that issues had been raised regarding office space and visa difficulties relating to the Secretariat in Bonn. Germany said it had agreed on 14 November to offer joint accommodation for the secretariats of the UNFCCC and Convention to Combat Desertification in the former parliamentarians’ office building. He noted ongoing efforts on other outstanding issues. SBI adopted draft conclusions noting these statements.

On Saturday, 25 November, COP-6 adopted a draft decision relating to administrative and financial matters forwarded by SB-13 (FCCC/CP/2000/Add.1, Annex II). This decision, *inter alia*:

- takes note of the audited financial statements for the biennium 1998-99;
- takes note of the initial report on financial performance in 2000, including the status of contributions to all the trust funds of the Convention;
- expresses appreciation to Parties that have paid their contributions;
- urges Parties that have not paid their contributions to the core budget to do so without delay;
- takes note of the UNFCCC Executive Secretary’s continued consultations with the UN to achieve a more rational and efficient approach to the UNFCCC’s administrative arrangements; and
- notes with satisfaction the initiative to establish common administrative and support services with the UN Convention to Combat Desertification.

#### OTHER MATTERS

On Saturday, 25 November, COP-6 adopted a resolution forwarded for its consideration by SB-12, whereby it expresses solidarity with Mozambique and other countries in Southern Africa following the devastation caused by Cyclone Eline (FCCC/SBI/2000/5, Annex II).

#### HIGH-LEVEL SEGMENT – FORMAL STATEMENTS

From 20-24 November, delegates to COP-6 heard statements in Plenary from high-level representatives of more than 100 Parties, including three elected Heads of Government, four Vice Presidents, two Deputy Prime Ministers, and 63 Ministers. In addition, presentations were made by representatives of Observer States, intergovernmental organizations, non-governmental organizations, and youth networks.

*Editor’s Note:* A complete collection of Plenary statements is available online at: <http://COP6.unfccc.int>.



#### STATEMENTS BY ELECTED HEADS OF GOVERN-

**MENT:** On Monday, 20 November, delegates in the COP-6 Plenary heard statements by Wim Kok, Prime Minister of the Netherlands, and Jacques Chirac, President of France. Prime Minister Wim Kok said the Netherlands would commit 200 million Dutch Guilders for adaptation measures and capacity building, which would be additional to previously agreed contributions. He concluded that a "worldwide package deal" was needed that provided for new patterns of production and consumption in industrialized countries, created an international market for greenhouse gas emissions permits, and gave preferential treatment to LDCs.

French President Jacques Chirac stated that since 1992, Parties had fallen too far behind in taking actions to combat climate change. Suggesting that "everyone is waiting for someone else to make the first move" in negotiations, he highlighted that the US produces a quarter of the world's emissions, and that the per capita US levels of emissions are three times higher than those of France. He said each country has a duty to build structures that cut its own emissions to a minimum and emphasized that flexible mechanisms should not be seen as a means to escape domestic measures.

On Friday, 24 November, Costa Rican President Miguel Angel Rodriguez Echeverria addressed the Plenary, encouraging delegates to adopt decisions leading to effective and efficient action, and underscoring market mechanisms as providing positive incentives for change. He highlighted the initiative for a prompt start to the CDM, and supported the inclusion of forestry, including the reduction of deforestation.

**STATEMENTS BY OTHER PARTIES:** On Tuesday, 22 November and Wednesday, 23 November, over 100 senior government representatives outlined their policies and positions on the climate change negotiations and issues related to the UNFCCC and Kyoto Protocol. Many speakers highlighted the importance of maintaining the environmental integrity of the Protocol, and urged ratification and entry into force by 2002. Many statements also underscored the principle of common but differentiated responsibilities under the Protocol.

Many developing countries underlined the need for Annex I Parties to fulfill their obligations in protecting the climate system on the basis of equity and in accordance with the principle of common but differentiated responsibilities. On commitments, the US stated that success of the Protocol requires the involvement of all countries, while Kuwait opposed the imposition of any additional obligations on developing countries.

On the mechanisms, a number of countries reiterated the need for the mechanisms to be supplemental to domestic action. On the CDM, many countries supported a "prompt" start, and a number of developing countries highlighted the need for equitable distribution of projects.

On sinks in the CDM, Costa Rica, Bolivia, Senegal and Guatemala supported their inclusion, while Ireland, Austria, Greece and Tuvalu expressed their opposition to such a proposal. New Zealand, Norway, Austria, Honduras, Costa Rica, Greece and Tuvalu opposed including nuclear energy in the CDM. Japan said that developing countries' judgment of what constitutes sustainable development should not be overruled by limiting the types of eligible activities under the CDM.

Bhutan emphasized the need for active participation by LDCs, suggesting their exemption from an adaptation surcharge. South Africa and Tanzania said the adaptation levy on the CDM should also apply to the other mechanisms.

On compliance, many countries indicated their support for a strong system. Japan said disagreements over the compliance regime should not delay the Protocol's entry into force. South Africa reiterated the G-77/China's support for mandatory consequences. On LULUCF, Japan said it was essential not to lose the incentives for appropriate sink activities. Norway said that contribution from sinks should be limited in the first commitment period. Malaysia and Thailand opposed inclusion of additional activities under Protocol Article 3.4 in the first commitment period.

On capacity building, technology transfer and adverse effects, many speakers stressed that these issues had to be recognized and addressed, with special attention given to LDCs and those most vulnerable to climate change. Speakers also highlighted the role of the private sector in technology transfer.

Saudi Arabia expressed concern over the impacts response measures will have, and supported a compensation fund to assist countries whose economies would be affected by the implementation of response measures.

Bhutan, Nepal and Peru drew attention to the significant effects of climate change on fragile mountain ecosystems. The need for additional resources to support developing countries to cope with climate change was highlighted by many speakers. Noting the need to reform the GEF, Canada called for the creation of a "window" within the GEF to deal with special climate change issues such as adaptation. The UK recognized the value of an adaptation fund and technology transfer, and expressed a preference for an improved and enhanced GEF with a 50% increase in contributions.

**STATEMENTS BY OBSERVER STATES, INTERGOVERNMENTAL ORGANIZATIONS, NON-GOVERNMENTAL ORGANIZATIONS AND UN BODIES:** During a COP-6 Plenary session held on Monday afternoon, 21 November, delegates heard statements from 12 UN bodies, specialized agencies and related organizations, four intergovernmental organizations, 13 non-governmental organizations and one observer State. Several statements highlighted the need for decisions to ensure the environmental integrity of the Protocol and address financing for capacity building, adaptation and technology transfer.

Noting the growing body of scientific evidence on the anthropogenic effect of climate change, the World Meteorological Organization urged the COP to support climate research to resolve uncertainties, address the needs of the most vulnerable countries and ensure support to the IPCC to complete its Third Assessment Report. The IPCC said impacts such as the spread of diseases, rising sea levels, and bleaching of coral reefs will undermine sustainable development.

UNEP urged developed countries to make a prompt start in reducing their emissions under the principle of common but differentiated responsibilities. Several speakers highlighted the synergies between the UNFCCC and other multilateral environmental organizations. The World Bank emphasized the link between environmental protection and poverty alleviation. A number of speakers highlighted the CDM, its contribution to sustainable development, the need for its prompt start, and translation of environmental objectives into business opportunities. The International Atomic Energy Agency urged Parties to consider nuclear energy in the context of climate change, stating that the concerns about safety and possible proliferation of weapons are not based on climate concerns. Climate Network Africa emphasized the importance of a concrete adaptation fund.

TURKEY, an observer State, called for its removal from the group of UNFCCC Annex II Parties and requested to be considered an Annex I Party with special circumstances.



### STATEMENTS BY YOUTH REPRESENTATIVES: On

Tuesday, 21 November, youth representatives from Kenya and the UK reported to COP-6 on the International Youth Conference held the previous week, which was attended by 118 young people from 61 countries, and urged all delegates to read and address the Youth Declaration. On Friday, 24 November, COP-6 participants heard a statement by the youth delegate from Tanzania, who provided the perspective of the youth present at the conference. She said the group had formed a network, the World Youth Organization on Climate Change. The youth delegate from Brazil presented a copy the programme defining this initiative to President Pronk.

### CLOSING PLENARY

**INFORMAL HIGH-LEVEL PLENARY:** At 2:00 pm on Saturday afternoon, 25 November, delegates met for the closing informal high-level Plenary. President Pronk highlighted the three stages of negotiations – among delegates, among Ministers with the assistance of co-facilitators, and finally on the basis of his Note – explaining that in each format, negotiators had proceeded as far as they could. He said Ministers had negotiated during the last 36-48 hours and had not reached an agreement. He expressed his disappointment and said the expectations of the “outside world” had not been met. He said it was not adequate to only say that there was no agreement, and that some perspective had to be offered.

SBI Chair Ashe, on behalf of the COP-6 Bureau, proposed that COP-6 be suspended and resume during the time slots already allocated for SB-14 in May-June 2001. Several speakers supported this proposal. Argentina said the expectations for this meeting had been excessive and underlined that the process toward the objective of the UNFCCC does not end with each one of its individual stages.

The G-77/China hoped that the texts forwarded by SB-13 to the COP would guide discussions in the resumed session. He attributed the failure to the lack of political will from the North. The EU said although the meeting would be considered as a failure, Parties had worked much more seriously than in any previous COP. She highlighted the tremendous difficulties of the issues and said she had not wanted a weak agreement, but one without loopholes. She concluded that she was committed to continue work on sinks, compliance and mechanisms and promised to bring forward common EU and other groups’ proposals on these issues. The US stressed its commitment to ensuring progress in the years ahead, and said no other country had shown as much creativity in trying to break the “log-jam.”

Switzerland thanked President Pronk for the transparency during the negotiations. Saudi Arabia expressed his faith that success would be achieved, and said it was necessary to base discussions in the next meeting on the Buenos Aires Plan of Action.

**FORMAL PLENARY:** Following the informal high-level Plenary, President Pronk opened the formal closing Plenary of COP-6 Part I at 4:30 pm. The COP took note of documents relating to organizational matters, review of implementation of commitments and of other provisions of the UNFCCC, preparations for COP/MOP-1, and other matters. President Pronk then introduced a draft decision on the implementation of the Buenos Aires Plan of Action (FCCC/CP/2000/L.3).

After minor amendments to the text, COP-6 adopted this decision, whereby the COP:

- notes progress in considering all issues under the Buenos Aires Plan of Action;
- takes note of the formal note by the President dated 23 November 2000, as an element of political guidance to the completion of work on the negotiating texts forwarded to the Conference by its

subsidiary bodies on 18 November 2000, and those contained in the notes by the President dated 24 and 25 November 2000, and invites Parties to submit views on those texts by 15 January 2001, to the Secretariat;

- decides to suspend COP-6 and requests its President to seek advice on the desirability of resuming that session in May/June 2001 with the aim of completing work on negotiating texts and adopting a comprehensive and balanced package of decisions on all issues under the Buenos Aires Plan of Action;
- requests President Pronk to make proposals for the further development and consideration of texts and seek advice before the resumed meeting takes place, doing so in a transparent manner; and
- urges Parties to intensify political consultations among themselves and seek common ground to enable the successful conclusion of negotiations under all issues under the Plan of Action.

COP-6 then adopted a resolution proposed by Nigeria, on behalf of the G-77/China, expressing the COP’s gratitude to the Netherlands and the city of The Hague for hosting this meeting (FCCC/CP/2000/L.4).

In closing, President Pronk stated that, although he had felt disappointed and dispirited earlier in the day, discussions over the previous few hours and the statements during the final informal high-level Plenary had given him fresh hope that an agreement could be reached. He thanked delegates and the UNFCCC Secretariat for their hard work, and declared COP-6 suspended shortly after 6:00 pm.

## A BRIEF ANALYSIS OF COP-6

### COP-6: BUILDING CASTLES IN THE SAND OR AIR?

“All of our dreams, our mass-dream-spinners,  
Palaces, hovels, every lair –  
Seem, when the Flood then comes, to be  
Just castles in the sand or air”

Quatrain by Dutch Poet Laureate Gerrit Komrij  
Presented to COP-6 by The Government of The Netherlands

Most negotiators who participated in The Hague conference left on Saturday evening with a profound sense of disappointment. This was “the deal that almost was,” the occasion where agreement appeared so near on a number of highly-charged political issues. For most observers of The Hague, the success of the conference was to be measured by its contribution to promoting the entry into force of the Kyoto Protocol by 2002, while at the same time protecting its environmental integrity. To achieve this goal, delegates set out with the aim of reaching agreements on over 200 pages of text on a range of issues on which agreement at COP-6 had been expected, in line with the Buenos Aires Plan of Action. At the end of the two weeks, Parties had failed to reach consensus on a number of key political issues, let alone made any significant progress in advancing the text. There is good reason for profound disappointment.

While observers will share the disappointment of delegates, it is suggested that there is nevertheless room for cautious optimism. As a result of the Ministerial consultations that took place during the second week, the initial foundations for a possible political agreement have been laid, and there is reason to believe that there is a real willingness to address four key sticking points that remain: sinks, complementarity, compliance, and funding. Furthermore, having already failed once to meet the expectations of the outside world, Ministers will be under significant pressure to ensure success in the second round. The consequences of failure a second time are significant. If no progress is made



at COP-6 Part II, there is a real danger that the agreements reached in Kyoto will be as effective in controlling the rising tide of climate change, as the NGO's symbolic dike outside the conference center: little more than castles in the sand.

This brief review of the events in the Hague seeks to identify some of the principal reasons for the failure or, in the word of the press officer, the "non-success" of the conference. In so doing it asks the following questions: What were the main political stumbling blocks that caused deadlock in the negotiations, and how effective was COP-6 President Jan Pronk in seeking to resolve these issues?

### WHAT SUNK THE COP?

If there was one word that dominated discussions at the Hague it was "sinks" (known to climate change cognoscenti as "LULUCF"). This issue characterizes the attempts of negotiators to strike the right balance between promoting ratification of the Protocol, while at the same time maintaining its environmental integrity. While there is little doubt disagreement on sinks was a principal stumbling block, this issue was not the only impediment to progress. Strongly divergent political opinions were also evident on each of the other "technical" matters on which text had been developed.

While it appears that credible compromises were made on many of these issues, there are four key concerns which remain, and which are likely to dominate future attempts to salvage COP-6: LULUCF, the Protocol mechanisms, the nature of the compliance regime, and financing.

*Editors Note: An overview of Parties initial stated positions on each of the key issues is provided in Earth Negotiations Bulletin, Vol. 12 No. 152.*

**LULUCF:** On the most visible issue – LULUCF – two "crunch" questions in particular stalled progress: the inclusion within the first commitment period of additional activities under Protocol Articles 3.4 (seen by many Umbrella Group Parties as a precondition for ratifying the Protocol, and considered with great caution by the EU and G-77/China); and the issue of sinks in the CDM (on which there was fundamental division between the Umbrella Group and the EU, as well as among members of the G-77/China). There is much speculation that disagreement on these issues was responsible for scuppering the last-minute deal that apparently was almost brokered by the UK Deputy Prime Minister John Prescott, between the US and the EU. It seems his compromise package, which possibly sought to cater to Umbrella Group demands on sinks, was not acceptable to others within the EU. While Pronk's Note made a valiant attempt to find convergence on this issue, it seems the stakes were too high.

**MECHANISMS:** Another prominent source of disagreement relates to the operating rules and procedures on the Protocol mechanisms, with unresolved differences remaining particularly on supplementarity, CDM project eligibility, and modalities and rules for trading. The Umbrella Group as a whole continued to urge the development of simple procedures that facilitate the widespread use of mechanisms across a broad range of issues (including nuclear and sinks), thereby enabling cost-effective attainment of Protocol targets. In the view of many observers, such rules would significantly compromise the environmental integrity of the Protocol by allowing "loop-holes" against the domestic attainment of the originally agreed targets. The EU insisted on imposing a quantitative limit on the use of the mechanisms, and on adopting a "positive list" of largely energy-related projects for the CDM. The G-77/China sought to optimize benefits from the CDM, while urging financial and environmental additionality, as well as imposing a share of proceeds on all three mechanisms.

There were signs during the meeting that the EU was willing to show flexibility on some of the issues. Most notably it appeared to be relaxing its emphasis on a "quantitative," in favor of a "qualitative" limit on the mechanisms. At the end of day, however, it was apparent that the Pronk's proposed compromise – of meeting emissions commitments "primarily through domestic action" – was not sufficient. While differences remain regarding the proposals on CDM project eligibility and emissions trading, the key source of disagreement appears to be supplementarity.

**FINANCE:** Much of the media's coverage on the collapse of the talks has focused on the apparent inability of the EU and US to reach a compromise on sinks and supplementarity. However, to imagine that agreement on these issues alone would have saved the talks in the last hour is to make the arrogant – and mistaken – assumption that this would have proved acceptable to the G-77/China. Not only does the Group have its own strong position on these issues, but there were also a number of unresolved differences on concerns of particular importance to the Group: funding and adverse effects, technology transfer and adaptation under the UNFCCC.

Throughout the Hague there was strong divergence on the role of the GEF and other funding sources, as well as over the linkages with Protocol-related activities. Pronk's proposal for additional sources of funding, including the establishment of an Adaptation Fund, a Convention Fund and a Climate Resources Committee, have received a cautious reaction. The exact details of the operation of the proposed Funds and the amount of funding that will be available remain unclear. Although these proposals could be viewed as being a positive step, the texts still link funding under the UNFCCC to actions under the Protocol, an issue on which the G-77/China strongly objects.

**COMPLIANCE:** On the issue of compliance, while the majority of Parties had expressed support for a "strong" compliance system, the translation of this objective into legal and technical terms revealed divergent positions on issues such as: differentiating treatment of compliance for Annex I and non-Annex I Parties; enforcement consequences; the method of adoption of a compliance regime; and the composition of the compliance bodies. In the eyes of a number of observers, Pronk's proposals on compliance provide the most positive set of compromises. He seems to have struck a fair balance between the Parties' main expectations on enforcement consequences, differentiated treatment, and the composition of bodies. While his Note does not provide any suggestions for the method of adoption of the compliance regime, this is an issue on which a satisfactory solution is possible once consensus is reached on the content of text on compliance procedures and mechanisms. Compliance thus seems to be one of the "crunch" issues that could be handled relatively smoothly at the resumed COP-6 session. However, achieving balance between deterrence and overly-stringent enforceable consequences will be a matter of fine tuning.

### DRAWING A LINE IN THE SAND

In an attempt to secure political agreement on these key issues, Pronk produced a President's Note, on Thursday, 23 November, in which he proposed a "balanced package" aimed at facilitating ratification of the Protocol, without unduly affecting its environmental integrity. He presented his Note, not as a "take-it-or-leave-it" package, but as a basis for further discussion and improvement. Not surprisingly – coming midway through the negotiations – the Note produced strong reactions from Parties.

Some NGO observers expressed disappointment that the Note appeared to make more concessions to the US position, which if accepted, could compromise the Protocol's integrity. Others said the



Note was too vague, and even though it did take the variety of interests into account, it had not narrowed the gaps between Parties enough to constitute a basis for consensus. On the other hand, a number of commentators considered it to be a well constructed document that provided a realistic opportunity for compromise. In the words of one delegate, it was a "very good, intelligent document."

While Pronk's Note may indeed have "caused pain for all" – as he promised it would – it has served the vital function of drawing a line in the sand, and serving as the basis for future political negotiations. Much work remains to be done, with a particular focus required on resolving political disputes relating to sinks, complementarity, compliance and the nature of the international financial mechanism.

#### **AT THE HELM IN THIS "TITANIC ENDEAVOUR"**

In what was perhaps an unfortunate mix of metaphors, a delegate speaking during negotiations on the mechanisms expressed confidence in Pronk's ability to successfully manage the "Titanic endeavor" of "navigating delegates through a sea of brackets." The irony of his wording was not lost on delegates, many of whom were already speculating that a credible agreement would be sunk by the conflicting demands of strongly competing vested interests. Many expressed the hope, however, that Pronk – no stranger to the delicate art of international environmental negotiations – would be able to manage this monumental task. While initial views on Pronk's performance over the week were conflicting, Pronk's ability at the end of the day to steer a course between Parties' competing interests, and to bring key negotiators together, appeared to have been appreciated by many of the high level participants.

#### **CONCLUSION - "THERE IS NO TIME TO LOSE"**

For many observers, one of the lasting images from The Hague will be that of the Head of the US delegation, Under Secretary of State for Global Affairs Frank Loy, wiping cake from his face following an assault by a young activist. Immediately following the incident, Loy reminded the assembled press corps that it was the anniversary of John F. Kennedy's assassination, and in an ironic choice of wording, quoted Kennedy's call to Americans not to be swayed by those "confusing rhetoric with reality."

Following the failure at The Hague, one may be tempted to reflect on another of Kennedy's speeches:

"...we must think and act not only for the moment, but for our time. I am reminded of the story of the great French Marshal Lyautey, who once asked his gardener to plant a tree. The gardener objected that the tree was slow-growing and would not reach maturity for a hundred years. The Marshal replied, 'In that case, there is no time to lose, plant it this afternoon.'"

In the context of climate change, Kennedy's statement is of particular relevance, not as an exhortation to plant trees – on which such fundamental disagreement remains – but as a statement to policy-makers to recognize the long time-scales associated with climate change, while at the same time appreciating that this is no excuse for delaying action.

As it transpired, the expectations of the Hague meeting were unduly optimistic. The hope of achieving consensus on so many politically contentious issues proved in the end to have been a case of building castles in the air.

## **THINGS TO LOOK FOR BEFORE COP-7**

**VILLAGE POWER 2000:** This event will be held from 4-7 December 2000, at the World Bank in Washington, D.C. Workshops will be held on 4 December, and a conference will be held from 5-7 December. For more information, contact: Barbara Ferris, National Renewable Energy Laboratory, tel: +1-303-275-3781; fax: +1-303-275-4320; e-mail: barbara\_ferris@nrel.gov; Internet: <http://www.villagepower2000.com/>

**CLIMATE CHANGE – SINK OR SWIM?** This forum will be held at the Institute of Physics, London, on 6 December 2000. For more information, contact: James Allport, Institute of Physics; tel: +44-20-7973-3070; e-mail: james.allport@britassoc.org.uk

**GLOBAL FORUM ON SUSTAINABLE ENERGY:** This forum will be held at the International Institute for Applied Systems Analysis (IIASA) in Laxenburg, Austria, from 11-13 December 2000, and is intended as a platform for multi-stakeholder dialogue on issues pertinent to sustainable development. For further information and registration, contact: Amb. Irene Freudenschuss-Reischl, tel: +43-1-263-729120; fax: +43-1-263-7281; e-mail: Irene.freudenschuss-reicjl@bmaa.gv.at

**12TH MEETING OF THE PARTIES TO THE MONTREAL PROTOCOL:** MOP-12 is scheduled to take place in Ouagadougou, Burkina Faso, from 11-15 December 2000. The 32nd Meeting of the Executive Committee of the Multilateral Fund will be held prior to this, from 4-8 December, also in Ouagadougou. For more information, contact: the Ozone Secretariat; tel: +254-2-62-1234; fax: +254-2-62-3601; e-mail: ozoneinfo@unep.org; Internet: <http://www.unep.org/ozone/12mop.htm>

**EIGHTH SESSION OF WORKING GROUP I OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE:** This meeting will take place from 17-20 January 2001, in Shanghai, China. For more information, contact: N. Sundararaman; Secretary to the IPCC, Geneva, Switzerland; tel: +41-22-730-8208; fax: +41-22-730-8025; Internet: <http://www.ipcc.ch>

**12TH GLOBAL WARMING INTERNATIONAL CONFERENCE & EXPO - KYOTO COMPLIANCE REVIEW:** This meeting will be held in Cambridge, UK, from 8-11 April 2001. For more information, contact: Sinyan Shen, Global Warming International Center Headquarters, Naperville, Illinois, USA; tel: +1-630-910-1551; fax: +1-630-910-1561; Internet: <http://www2.msstate.edu/~krreddy/glowar/gw12c.html>

**UNFCCC SB-14/RESUMED COP-6:** The 14th sessions of the Subsidiary Bodies of the UN Framework Convention on Climate Change will take place from 21 May – 1 June 2001, in Bonn, Germany. This meeting may also serve as the resumed COP-6 (as outlined under COP-6 decision FCCC/CP/2000/L.3). For more information, contact: the UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; Internet: <http://www.unfccc.int>

**UNFCCC COP-7:** This meeting is scheduled to take place from 29 October - 9 November 2001, in Marrakech, Morocco. For more information, contact: the UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; Internet: <http://www.unfccc.int>