A DAILY REPORT ON THE ELEVENTH SESSION OF THE INC FOR A FRAMEWORK CONVENTION ON CLIMATE CHANGE

Earth Negotiations Bulletin

A Reporting Service for Environment and Development Negotiations

Vol. 12 No. 3 Published by the International Institute for Sustainable Development (IISD) *Wednesday, 8 February 1995*

INC-11 HIGHLIGHTS TUESDAY, 7 FEBRUARY 1995

WORKING GROUP I

Working Group I concluded its deliberations on the review of national communications. Delegates did not want to consider the adequacy of commitments until Wednesday and, thus, the Group adjourned before 4:00 pm.

AGENDA ITEM 7(a) — REVIEW OF NATIONAL COMMUNICATIONS: Working Group I resumed consideration of the Secretariat's synthesis report and recommendations on national communications. Poland said the Secretariat's recommended schedule of national communications — every two years — is too expensive for Parties and would not produce new information. He also said the recommended annual periodicity for emissions inventories was too short. Japan said the due date for the second national communications should be delayed, but he supported annual emissions inventory updates. He said CO_2 emissions data could be collected with a reasonable workload, but that inclusion of other gases should be optional. The US said that the Secretariat's report focused too much on CO_2, suggesting that Parties needed to focus on all gases. He did not think Parties should be named in the report. He supported the Secretariat's recommended time frames, but urged development of guidelines for developing country Parties.

Russia said the synthesis report did not yet present a clear picture of emissions trends. He said the complexities in reporting make it impossible to agree to a new timetable and called for improved aggregations of emissions by sector to examine collective implementation by Annex 1 Parties. Switzerland said naming specific Parties would be acceptable in the synthesis report. Supported by the Czech Republic, she suggested a four-year cycle for subsequent national communications and questioned the usefulness of annual inventories. Norway said the synthesis report clearly indicates that further action is needed to meet Convention objectives, and supported naming Parties in the synthesis report, the Secretariat's recommendation on periodicity, and improved guidelines and evaluation of policy measures.

Hungary recommended averaging several years' emissions rather than using one year for an inventory baseline. He suggested biannual inventories and a four-year periodicity for full communications, and supported naming Parties in the synthesis report. Mauritius said the Secretariat should consider non-Annex 1 Parties' communications in reviewing guidelines. New Zealand said while a decision on periodicity of national communications could wait for more experience from the SBSTA, she supports annual inventories.

Australia supported annual emissions updates, but recommended that the COP define comparable reporting years. Canada said Parties need to resolve deviations from the guidelines, requested flexibility on the exact date for submissions and supported annual inventories by Annex 1 Parties. China said the 15 submissions fail to meet the Convention's requirements because many lack documentation and evaluations of policies, and do not describe financial contributions to developing countries. France, on behalf of the EU, said that the synthesis report should be more flexible in naming Parties, periodicity could await subsidiary bodies' advice, and annual inventories should be extended to all GHGs. Argentina supported naming Parties and the Secretariat's proposed timetable. The Climate Action Network presented an NGO evaluation of 20 OECD countries' plans, noting that although procedural implementation is moving forward, more needs to be done substantively. Without a protocol, further progress would be undermined as Parties encounter political difficulties.

AGENDA ITEM 7(b) — REVIEW OF ADEQUACY OF COMMITMENTS: The Chair invited delegates to address the adequacy of commitments. The Secretariat reviewed information on the global situation, past decisions and the need to address other areas. He said the IPCC Special Report, its guidelines document and various peer reviewed studies compiled in A/AC.237/Misc.43 covered the global situation, and invited comments on these documents, as well as A/AC/L.23 and A/AC/L.23/Add. 1, the AOSIS protocol and the German proposals. The Philippines, on behalf of the G-77 and China, said they are more concerned with full implementation of the Convention than with reviewing the adequacy of commitments. He said the objective for INC-11 and COP-1 is to ensure that the Convention can be implemented.

WORKING GROUP II

Working Group II completed consideration of the maintenance of interim financial arrangements and opened discussion of modalities and funding needs.

AGENDA ITEM 8(b) — MAINTENANCE OF INTERIM FINANCIAL ARRANGEMENTS: During the discussion of the Co-Chair's draft decision, Brazil, Uganda, the Republic of Korea, Malaysia and Iran supported the G-77 amendments, which clarified that the GEF shall continue to be the interim entity entrusted with the operation of the financial mechanism. Uganda and Malaysia felt that the relationship between the GEF Council and the COP requires further work and evaluation. The Netherlands and Norway said that the restructured GEF is now in conformity with the conditions in Article 21.3 and should permanently operate the financial mechanism. The US, supported by the Netherlands, warned that if the question of the financial mechanism is left open, it will sow doubt among people outside this process.

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The Co-Chair, Nobutoshi Akao, proposed a compromise for the first paragraph: "Decides that the interim arrangements with the restructured GEF, referred to in Article 21.3, shall be maintained." Malaysia supported the proposal. The Netherlands and Canada responded that the question of permanency should not be postponed and rejected the Co-Chair's proposal.

The Philippines and Peru did not believe that the GEF has been adequately restructured, especially with regard to universality of participation. While the Co-Chair implored delegates not to argue about restructuring, the US, France, Japan and Australia responded, since the issue of universality had been vigorously negotiated. Mauritius said restructuring was a precondition for the GEF to be the interim, not the permanent, operating agency. The question before the Group is whether the interim arrangement is to be maintained. The question of a permanent financial mechanism is rather premature. Benin noted that the fourth requirement in Article 11.3, determination of the amount of funding necessary and available for the implementation of the Convention, is not settled.

France, supported by the Philippines, Colombia, South Africa and others, called for the establishment of a small working group to address this issue. The Co-Chair asked John Ashe (Antigua and Barbuda) to chair this open-ended small group.

AGENDA ITEM 8(a)(i) — MODALITIES: The Co-Chair initiated a discussion on possible arrangements between the COP and the operating entity for the financial mechanism, using the suggested elements in paragraph 11 of document A/AC.237/87. France, on behalf of the EU, supported using a Memorandum of Understanding (MOU) as a form of institutional arrangement and agreed with the procedure for creating the agreement. She added that paragraphs 25 and 28 contained ambiguities, which must be clarified in the MOU, and that paragraph 19 must clarify how the COP can inform the GEF or other organization on reconsideration of funding decisions. The Co-Chair warned against micro-management of the operating entity, but reiterated that any decision must be consistent with COP policies. Japan suggested deleting the list of specific articles from paragraph 31, on the mobilization of funds. Co-Chair James Stovall opened the afternoon session by noting a general sense of agreement that the Secretariats of the Convention and the GEF should draft an agreement.

AGENDA ITEM 8(a)(ii) — GUIDANCE: The Co-Chair then invited comments on Agenda Item 8(a)(ii), Guidance, based on documents A/AC.237/Misc.40-41 and A/AC.237/86-88. Saudi Arabia asked for specific inclusion of the position of the G-77 and China for consideration with A/AC.237/Misc.41. The Co-Chair replied that the document represented a composite text and any text in dispute was underlined.

Sub-paragraph 1(a)(v): France, supported by the US, preferred the second bracketed option, which listed specific elements of national programmes subject to mitigation and adaption measures, but suggested moving it to paragraph 2 on programme priorities. The Philippines said that the G-77 had not readressed its INC-10 position on this issue and she could not speak on their behalf. Saudi Arabia stressed the need for generality, and agreed with deleting the sub-paragraph. The Co-Chair then suggested the possibility of deleting the debated portion of sub-paragraph (v), but leaving in paragraph 2(e), on implementation.

Sub-paragraph 1(a)(vii): France suggested that this sub-paragraph, on mobilization of funds, be deleted because the sub-paragraph requires the funding mechanism to ensure predictability of resources, and shifts the commitment to ensure funds onto the operating entity. The US was concerned about linking several parts of the Convention without actually adding anything. Japan also had difficulty accepting this sub-paragraph. However, Egypt, India and the Philippines voiced strong objections. They noted the sub-paragraph only required the entity to take full account of the predictability of funds in decision making, but did not require ensuring predictable funds. China reminded delegates that this sub-paragraph added no new requirements and took two days of negotiation during INC-10. France and the Philippines disagreed as to the sub-paragraph's application to Article 4.3, developed States' obligations. The US reiterated that the COP has responsibility for mobilizing funds.

Paragraph 1(b) addresses activities undertaken outside the framework of the financial mechanism. There was still some question about the location of sub-paragraph (iii), which prohibits new forms of conditionality. Egypt and other G-77 countries prefer that this sub-paragraph either follow or be appended to the first sub-paragraph on consistency between activities outside and within the financial mechanism. Australia disagreed.

India proposed deleting sub-paragraph (ii) on information from multilateral and regional financial institutions. The US wanted to retain it. Japan and Australia suggested deleting the underlined portions. On sub-paragraph (iv), China suggested retaining the first sentence on measures for promoting consistency, and deleting the rest. The US and Japan wanted to retain the entire paragraph. New Zealand proposed: "The Secretariat and the operating entity or entities of the financial mechanism should promote consistency. Initial measures for promoting such consistency would include information collection and analysis, and appropriate contact with relevant institutions and organizations." India suggested deleting the entire paragraph since it "micro-manages the GEF."

EU PAPER ON DETERMINATION OF THE AMOUNT OF FUNDING NECESSARY AND AVAILABLE: France, on behalf of the EU, introduced a paper on necessary and available funding. She noted that in addition to the GEF, other traditional sources of funding are important, including multilateral banks, financial assistance, private sector and national resources. Needs must be clearly defined in the plans designed by developing countries. Available funds must first cover incremental costs, which should be determined jointly by the entity entrusted with financial mechanism and the country concerned. Since the extent of funding necessary will be based on national communications of developing country Parties, the timing of reviews should be linked to the rate of which such communications become available.

China thought that the paper "put the cart before the horse" because developing countries need financial and technical assistance to implement the Convention and submit reports. Benin and Peru echoed these concerns. India asked the EU to examine the paper produced by the G-77 at INC-10 on communication of information by non-Annex I Parties. France responded that the EU believes that the preparatory work on national communications will be financed by the financial mechanism. Discussion will continue after delegates have a chance to study the paper.

IN THE CORRIDORS

The Climate Action Network has been actively lobbying G-77 countries to endorse the AOSIS draft protocol, which calls for a reduction of emissions of greenhouse gases by at least 20% by the year 2005. Meanwhile, others are trying to convince delegates that such a protocol is unnecessary. The fate of the protocol is still uncertain both within the G-77 and in the Committee as a whole. With so much concern over the adequacy — or inadequacy — of commitments, as evidenced by the crowds in Working Group I, many are looking forward to the discussion on this matter.

THINGS TO LOOK FOR TODAY

PLENARY: The first item on the Plenary's agenda this morning is the introduction of documents A/AC.237/L.23, the AOSIS draft protocol, and A/AC.237/L.23/Add.1, German proposals for further elements of a protocol to the Convention. The Plenary will also address Agenda Item 4, Review of Annexes to the Convention, and Agenda Item 10, Review of extrabudgetary funds.

WORKING GROUP I: After Plenary, Working Group I will address Agenda Item 7(b), Review of adequacy of commitments.

WORKING GROUP II: Working Group II will meet this afternoon to continue to discuss document A/AC.237/Misc.41 on guidance to the financial mechanism.