



HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES TUESDAY, 8 JUNE 1999

The morning meeting of the joint contact group on the Protocol mechanisms was interrupted by a second bomb threat to the Maritim Hotel. The contact group reconvened later in the morning and afternoon. The Subsidiary Body for Scientific and Technological Advice (SBSTA) met in the afternoon to consider draft conclusions on research and systematic observation and the work programme on methodological issues. The Joint Working Group (JWG) on compliance met in the afternoon to consider a Co-Chair's draft work programme. Contact groups were convened on non-Annex I communications and land use, land-use change and forestry (LULUCF).

SBSTA

On the draft conclusions on research and systematic observation (FCCC/SBSTA/1999/L.2), the EU requested deleting the paragraph on SBSTA's invitation to GEF to include, in its report to the COP, the specific steps it has taken to implement the provisions of paragraph 1(c) of decision 2/CP.4 (guidance to the operating entity of the financial mechanism), stating that it was addressed elsewhere. CHINA, supported by the CENTRAL AFRICAN REPUBLIC, said important decisions sometimes have to be reiterated until they are implemented. The US stated that, if included, the paragraph should reflect the whole decision and not just a part of it. The EU proposed requesting GEF to report to the COP on its funding for developing countries to build capacity for participation in systematic observation networks. Delegates adopted the draft conclusions as amended.

Regarding the draft conclusions on the work programme on methodological issues related to Protocol Articles 5 (methodologies), 7 (communication), and 8 (review of information) (FCCC/SBSTA/1999/L.3), the EU requested changing the date of submission from 15 August to 15 September to allow time for preparation. Chair Chow said the current deadline meant Parties could receive the compiled views prior to COP-5. Delegates adopted the draft conclusions without any amendments.

JOINT WORKING GROUP ON COMPLIANCE

The co-chairs proposed a draft work programme on procedures and mechanisms relating to compliance under the Protocol (FCCC/SB/1999/CRP.2). Under the proposal, the Joint Working Group (JWG) invites Parties to make submissions to the Secretariat by 15 August 1999 in response to questions contained in an annex to the proposal. These submissions will be compiled in a miscellaneous document. The JWG also requests the co-chairs to produce, for

consideration by JWG-2, a synthesis of proposals by Parties that would update the non-paper prepared by the Secretariat for this session. The JWG also agrees that an informal discussion on work under the SBI/SBSTA and experience under other conventions would help Parties better understand the compliance system needed. The JWG co-chairs will organize the discussion.

On a deadline for Parties to respond to a questionnaire on compliance, Co-Chair Dovland (Norway) noted that the 15 August 1999 deadline was intended to allow Parties as much time as possible but would render translation of documents in time for COP-5 impossible. He indicated that an earlier deadline would not only facilitate translation, but also revisions of the synthesis of submissions by Parties to update the current version. After an extended discussion, 1 August 1999 was agreed as the deadline. SWITZERLAND proposed including a reference to Decision 8/CP.4 (Preparations for the COP serving as the MOP) so that Parties prepare their submissions bearing it in mind and asked whether the co-chairs intended to prepare a more "legally oriented" text based on the synthesis. The US amended the proposal so that Parties address additional Decision 8/CP.4 issues to the extent that they are not otherwise covered by their submissions.

On the nature and timing of the proposed informal exchange of information, the G-77/CHINA, supported by SAUDI ARABIA and IRAN, preferred holding it after COP-5, but before the twelfth sessions of the subsidiary bodies (SB-12). She said the discussion should have clearly defined objectives and should not reach conclusions or form the basis for any documents. Participants should be primarily government experts. SWITZERLAND suggested the co-chairs develop terms of reference for the informal discussions. AOSIS suggested holding the discussions back-to-back with COP-5. The EU, CANADA, the US and AUSTRALIA supported holding it prior to COP-5 in order to better prepare for and participate more fully in that meeting. AUSTRALIA noted that the Protocol is breaking new ground in international law and recommended examining other compliance models. CANADA said the discussions would allow more effective use of scarce time and resources and, with the EU, said it would provide an opportunity for "mutual learning." The US stressed that compliance is an urgent matter and must be completed by COP-6. Co-Chair Dovland proposed further consultations. The JWG will re-consider the issue on Thursday.

CONTACT GROUPS

Joint Contact Group on Mechanisms: The G-77/CHINA introduced its position paper on the clean development mechanism (CDM), highlighting the CDM's role in assisting developing coun-

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tries in achieving sustainable development and developed countries in complying with their QELROs. He stressed the need to decide on principles before addressing methodological issues and suggested creating an adaptation fund.

The group covered various elements of the Secretariat's synthesis paper, identifying areas of convergence and divergence and exchanging views. On objectives, principles and purposes, the EU identified convergence on various areas, including cost effectiveness, transparency and equity and divergence on issues, such as inter-tradeability. The G-77/CHINA recommended that its paper be the basis for future negotiations. CHINA identified issues missing from the Secretariat's synthesis report but covered in the G-77/China paper, including transparency and climate change effectiveness. He said discussions should focus on the clusters--principles, methodologies and institutional issues--recommended in the Buenos Aires Plan of Action. The US identified the areas of convergence as being those that recognize, *inter alia*, private sector participation in the CDM and the need for baselines to precede use of the mechanisms. PERU recommended a common baseline for joint implementation and the CDM. She said such an approach would, *inter alia*: provide a simple, transparent and reliable methodology for common baseline application, as the regional average of Annex II in energy and other sectors would constitute the calculation basis; and ensure environmental integrity in emissions reductions.

Regarding legal entities, the EU identified convergence on the involvement of other entities and added that Parties should be responsible for them. She said the COP/MOP should designate operational entities. NORWAY, supported by CANADA, said operational entities were a key element for CDM institutional structure. He added that they should be drawn from the private sector, independent, centralized and accredited by the Executive Board. On project eligibility, the US stressed the need for a comprehensive approach to certification and verification, including options for baselines. The G-77/CHINA said project eligibility is central to the principle, nature and scope of the CDM. NORWAY noted that there was no section on baselines in the synthesis report. KOREA said project eligibility and baselines are essential in formulating CDM rules. He said eligible projects should demonstrate greenhouse gas reduction and investment, financial and technology additionality. On the eligibility of sink projects, the EU preferred their exclusion pending a decision by the COP.

Regarding the contribution to sustainable development, the G-77/CHINA said the recipient country should be the sole judge of whether a project meets its sustainable development priorities. NORWAY proposed that this be determined under project registration. The EU suggested that non-Annex I Parties confirm in writing how a project would help it achieve sustainable development and stressed that the project activity should be consistent with all international agreements to which the Parties involved belong. CHINA suggested applying a similar condition to the funding country to confirm how a CDM would result in certified emissions reductions (CERs).

On sequestration, CANADA, supported by NORWAY and IRAN, proposed addressing this under project eligibility. The G-77/CHINA said discussions on sequestration should be avoided until ongoing studies by SBSTA and IPCC are concluded. The EU reiterated its preference to exclude sequestration pending a COP decision.

On technology transfer, the US identified convergence on the CDM's role in facilitating technology transfer. On technology transfer and project financing, the G-77/CHINA highlighted the dimension of additionality, a feature absent in the Chair's draft. He said funding for CDM projects should be additional to GEF, ODA and other developed country financial commitments.

On supplementarity, the G-77/CHINA highlighted the primacy of domestic action and recommended the development of guidelines on supplementarity. The EU stressed the importance of the issue and the primacy of domestic action, and proposed a concrete ceiling. The US noted possible divergence on this issue. On levies, the G-77/CHINA highlighted establishing an adaptation fund. The US questioned how this fund would be managed and its proceeds dispersed. On CERs, the G-77/CHINA suggested discussing them bearing in mind the purposes of the CDM.

LULUCF: The LULUCF contact group met in the morning to consider draft conclusions that contained a compilation of additional proposals by Parties based on ideas emerging from the group's earlier discussions. Participants accepted wording suggested by the US and amended by the EU and the G-77/China for a paragraph inviting the IPCC, in conjunction with SBSTA-11, to provide an in-depth progress report and a special side event on the draft IPCC Special Report on LULUCF. Members of the group reconvened in the afternoon for informal consultations and negotiated text that cleared most of the remaining brackets. The full contact group at its next meeting will consider their recommendations.

Non-Annex I Communications: The non-Annex I communications contact group met in an evening session and discussed proposals submitted by the EU and the G-77/China for the draft decision. Participants discussed key issues in the two documents that could be included in the decision, such as the G-77/China's suggestion of a non-Annex I expert group and the EU's proposal for technical assessments. A number of delegates expressed concern at the differences between the two texts and the potential difficulties in finding common ground between them. The group decided to reconvene to consider how to proceed.

IN THE CORRIDORS

"Delays, delays, delays" was how several observers summarized the meeting thus far. Some suggested that the deceptively distant deadlines for decisions are feeding the temptation to leave substantive discussions to the last minute. A number said a sense of lethargy was inevitable following the heady days of Kyoto, while others cited increasingly poor prospects for ratification by the US as a cause of hesitation. An EU delegate remarked that the participants should "get the environment and emotion back into the debate because it is getting very depressing." With the meeting entering its final days, some predicted that progress at COP-5 will be patchy at best, with the modest advances likely on guidelines for Annex I national communications offset by the snail's pace of talks on LULUCF and mechanisms. Other delays took on a more ominous tone, as evidenced by a bomb threat to the Secretariat headquarters and a second bomb threat to the Maritim.

THINGS TO LOOK FOR TODAY

Joint contact group on mechanisms: This group will meet at 3:00 pm in the Maritim.

Contact group on the budget: This group will meet at 4:00 pm in a room TBA.

Consult the meeting board for other meetings.