



HIGHLIGHTS FROM FCCC SB-12 INFORMAL MEETINGS WEDNESDAY, 7 JUNE 2000

Delegates to the informal meetings preceding SB-12 met to discuss: Protocol Article 3.14 (adverse effects); technology transfer; compliance; guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information); and capacity building. They also convened for a briefing on the IPCC Special Report on Land Use, Land-Use Change and Forestry.

INFORMAL MEETINGS AND WORKSHOPS

ADVERSE EFFECTS: Participants discussed Protocol Article 3.14 and outlined possible actions to minimize the adverse effects of climate change and/or impacts of response measures.

Actions to minimize the impacts of response measures:

SAUDI ARABIA said Annex I Parties should: eliminate tax distortions and remove subsidies; discourage nuclear energy; support wider use of CO₂ sequestration technologies; help with economic diversification; and provide compensation where adverse effects are demonstrated. The US recalled a recent OPEC study indicating that joint action by OPEC members alone could be sufficient to counteract any possible impact of response measures on revenue flows. With AUSTRALIA, he noted efforts by some oil-producing countries to set aside oil revenues to help mitigate the impacts of response measures. VENEZUELA cautioned against attempts to shift commitments under Article 3.14 away from Annex I Parties. ZIMBABWE said income from Annex I Parties' carbon taxes could be used to support technology transfer, while SOUTH AFRICA added that the revenue could fund relevant research.

Actions to minimize the impacts of climate change: The US and UK said implementing the Protocol is the most important step. AUSTRALIA supported a Protocol with a full, competitive and transparent emissions trading regime and a CDM regime that includes sinks. NIGERIA and VENEZUELA said the mechanisms would be insufficient to ameliorate the impacts of climate change. SENEGAL called for immediate financial and technical support to implement adaptation measures. BANGLADESH, BURKINA FASO and the SUDAN stressed the need for early warning systems and disaster preparedness. JAMAICA and BURKINA FASO highlighted the special needs of least developed countries.

Future decisions and processes: On future decisions on FCCC Article 4.8 and 4.9 and Protocol Article 3.14, SWITZERLAND said it preferred one decision on both, while SAUDI ARABIA, CHINA and other developing countries supported separate consideration and decisions, as Article 3.14 relates only to responsibilities of Annex I Parties.

DEVELOPMENT AND TRANSFER OF TECHNOLOGY:

Chair Dovland noted that three regional workshops had been held to advance understanding of technology needs, generate ideas on enhancing technology transfer, and consider elements of a framework for technology development and transfer.

Reporting on the African workshop, Peter Zhou (Botswana) outlined technology transfer barriers including the lack of climate change policies, weak legal and regulatory frameworks, inadequate finance and problems with structural adjustment programmes. He noted the need to, *inter alia*: create strategic partnerships between governments, the private sector, and donors; provide easier access to financing environmentally-sound technologies (ESTs) and local technologies; and enhance skills to support decision making.

Mahendra Kumar (Samoa), reporting on the Asia-Pacific workshop, said technology needs assessments should be country-driven and transparent, involving multi-stakeholder participation. He noted the limited attention paid to adaptation technologies. Sheik Mohamed Khan (Guyana) said the Latin America and Caribbean workshop stressed the need to, *inter alia*: build indigenous capacities to assimilate and absorb climate-friendly technologies; improve access to technology information; involve smaller countries in capacity building initiatives; and overcome political barriers that result in low prioritization of technology issues.

In the ensuing discussion, issues raised included the need for a focus on technology transfer for adaptation and a global advisory institution to assist countries handling unsuitable technology. Ogunlade Davidson, IPCC, outlined the IPCC Special Report on Methodological and Technological Issues in Technology Transfer. He stressed that technology transfer for climate change should always be viewed in the FCCC's context, and underscored the need for rapid technology innovation and broad transfer of EST for mitigation and adaptation. The FCCC Secretariat introduced the climate technology website (<http://www.icfconsulting.com/unfccc/climate.nsf>) and the project inventory database pilot initiative.

COMPLIANCE: Delegates considered the Co-Chairs' Elements of a Compliance System for the Kyoto Protocol. On Objective, AUSTRALIA, with CANADA, sought to limit the compliance system to Annex I Parties' commitments. The EU suggested adding the objective of enforcing compliance.

On Nature and Principles, delegates expressed mixed views on whether or not to include them explicitly. SAUDI ARABIA and CHINA, opposed by AUSTRALIA and CANADA, proposed specifying that the principle of common but differentiated responsibilities applied between Annex I and non-Annex I Parties. SOUTH AFRICA, opposed by the US, proposed adding the "precautionary approach."



On Scope of Application, AUSTRALIA suggested specifying the provisions on Annex I Parties' obligations to which the system would apply. CANADA, the US, the EU and SWITZERLAND supported the concept whereby the system applies to all commitments. On Functions of a Compliance Institution, SAUDI ARABIA proposed adding that all compliance and non-compliance issues pertaining to project activities under Article 12 (CDM) shall be addressed by the CDM's Executive Board. Supported by NEW ZEALAND, the US said the text should specify that the compliance system is supplementary to all compliance aspects under the Protocol. AUSTRALIA and the EU suggested an additional function of determining whether or not a Party is in compliance with Article 3.1.

On Referral, the US, SOUTH AFRICA and SWITZERLAND, opposed by SAUDI ARABIA, favored a role for reports by expert review teams (ERTs). The US, SWITZERLAND, NEW ZEALAND, CHILE and BRAZIL opposed a role for the COP/MOP. The UK, opposed by several delegates, supported a role for the Secretariat.

On Screening, SWITZERLAND stressed the need to identify criteria and, in order to help delegates get a clear view of the flow of information under the review and compliance processes, to prepare a flow chart. SOUTH AFRICA, with the UK, identified two screening processes: the channeling of a case to the proper forum and assessing if a case is unfounded or *de minimis*. With the US and the UK, but opposed by CHILE and SAUDI ARABIA, she said the former task could be performed by the Secretariat. She added that the latter task required a substantive assessment of a case that, if undertaken by a separate entity, could duplicate the work of the compliance institution.

IPCC SPECIAL REPORT: IPCC Chair Robert Watson presented the major findings of the IPCC Special Report on Land Use, Land-Use Change and Forestry (LULUCF), which were then elaborated by the lead authors. On the global carbon cycle, Bert Bolin said ecosystem models indicate that additional terrestrial uptake of atmospheric CO₂ arising from indirect anthropogenic effects is likely to be maintained for several decades in the forest ecosystems, but may gradually diminish. Robert Watson underscored that defining afforestation, reforestation and deforestation will be critical, as this will determine the amount of land falling under Article 3.3 and treatment of the harvesting-regeneration cycle. On carbon accounting, he presented land-based and activity-based approaches, noting that in the former case it is difficult to factor out human-induced activities, while the latter poses a risk of double counting. Bernard Schlamadinger outlined three different accounting approaches applied to the FAO definitional scenario as well as the IPCC scenario to illustrate the effect of different approaches under Article 3.3.

On Article 3.4, Robert Scholes noted that the magnitude of additional activities could be substantial compared to Article 3.1 obligations, and distinguished between changes in management and in land cover. He highlighted verifiability and associated non-climate impacts and benefits as key issues for the COP.

Jayant Sathaye noted that LULUCF project experience is being gained through AIJ activities. He discussed concerns with LULUCF projects, notably permanence, baselines, additionality, carbon leakage, monitoring and verification and implementation of sustainability conditions. N.H Ravindranath highlighted provisions for LULUCF in current IPCC guidelines, and how they might be revised to accommodate requirements of the Protocol, including additional activities under Article 3.4 and project-based activities. Peter Frumhoff said a system of criteria and indicators could be useful to compare sustainable development impacts across LULUCF alternatives. He said potential for synergies with other multilateral environmental agreements exist, and that several factors, *inter alia*, institutional and technical capacity, community participation and technology transfer, are critical to strengthening the sustainable development impacts of LULUCF activities.

In the ensuing discussion, a number of delegates noted uncertainties in the research, while several sought clarification on technical issues. Participants also raised issues related to: sustainable development and a relevant framework; avoiding deforestation in tropical regions; consistent ground and atmospheric definitions; the effect of climate on photosynthetic potential in tropical regions; the potential for sinks activities to account for a significant proportion of Annex I Parties' Protocol obligations; and questions relating to a full carbon accounting system.

CAPACITY BUILDING: Chair Ashe said the meeting aimed at developing a draft framework for capacity building, with the first session focussing on economies in transition (EITs). The RUSSIAN FEDERATION asked about timeframes for capacity building. CANADA urged EITs to integrate capacity building into national planning processes, and to share their experiences. Various US agencies outlined their capacity building activities for EITs. The EU highlighted the need for institutional capacity on inventories and on Protocol Articles 5 and 7. ROMANIA emphasized the importance of capacity building for inventories, JI, and institutional and regulatory frameworks, and suggested reference to "capacity development." HUNGARY urged greater efforts to harmonize capacity building actions for EITs. ENVIRONMENTAL DEFENSE and CANADA emphasized that capacity building should be sustainable. EGYPT suggested expanding capacity building to other stakeholders and maximizing the use of regional institutions. The US underlined the fact that EITs have commitments to reduce emissions and suggested using the Protocol mechanisms to support capacity building. Noting the existing technical and scientific capacity in EITs, SWITZERLAND underlined the need for political support. NIGERIA noted the need to build capacity in negotiating skills and outlined recent initiatives.

GUIDELINES UNDER PROTOCOL ARTICLES 5, 7 & 8: Subgroup on Articles 5.2 (adjustments) and 8 (review of information): Co-Chair James Penman (UK) asked the Secretariat to prepare new Draft Guidelines under Protocol Article 8, based on the structure of an EU proposal containing: General Approach, National Inventory Submissions, Information on Assigned Amounts, National Systems, National Registries, and National Communications and Other Commitments. The group then continued its consideration of Part II of the guidelines. On Classification of Inventory Problems, the EU presented its non-paper providing for, *inter alia*, categories of problems triggering an expedited procedure. The EU explained that under this procedure: the ERTs would notify both the Party under review and the compliance committee about a problem; the problems triggering an expedited procedure would be assessable during the initial check of inventories; and temporary measures would apply until the problem was solved.

Subgroup on Article 5.1 (national systems): This subgroup received a partial redraft of the second Draft Guidelines for National Systems under Protocol Article 5.1. Several delegates expressed their views on reporting with regard to national systems, and on links to Article 7. Delegates also approved minor technical changes to sub-paragraphs on Inventory Preparation.

THINGS TO LOOK FOR TODAY

ARTICLES 5, 7 & 8: Meetings are scheduled for 10:00 am in the Reger Room and 5:00 pm in the Haydn and Lenne Rooms.

MECHANISMS: Meetings will take place at 10:00 am and 7:00 pm in Plenary II.

LULUCF: To be held from 3:00 pm in the Haydn Room.

COMPLIANCE: This meeting will start at 3:00 pm in the Schumann Room.

ADVERSE EFFECTS: This meeting will take place from 5:00 pm in the Schumann Room.

Meetings details are subject to change. Consult the announcement board for details.