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HIGHLIGHTS FROM FCCC SB-12 THURSDAY, 15 JUNE 2000

The Subsidiary Body for Scientific and Technological Advice (SBSTA) met in the afternoon to adopt draft conclusions relating to: guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information); good practice guidance and uncertainty management in national greenhouse gas inventories; development and transfer of technologies; and land use, land-use change and forestry (LULUCF). The Joint Working Group on Compliance (JWG) adopted the report on its work during SB-12. Contact groups met throughout the day to conclude discussions on text relating to: mechanisms; Protocol Articles 5,7 and 8; LULUCF; and adverse effects. Informal consultations were held on capacity building and policies and measures.

JOINT WORKING GROUP ON COMPLIANCE

Delegates considered and adopted, with minor amendments, the Report of the JWG on its work during SB-12. Annexed to the report is a text on compliance that, along with inputs from Parties, will serve as the basis for negotiation at SB-13.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

MECHANISMS: Delegates continued considering the Chair's draft consolidated text on mechanisms, indicating areas where their submissions had not been reflected, and adding text where necessary. On the CDM, delegates differed on the need for, *inter alia*: all three mechanisms to contribute to the adaptation fund; investment and technology additionality; monitoring of economic, social and cultural impacts of projects; and an option that reflects the various proposed CDMs, including unilateral, bilateral and multilateral. They discussed: the role of the COP/MOP and the Executive Board; the content and extensiveness of the CDM Reference Manual; common baselines for the CDM; equitable distribution of CDM projects; and requirements and costs of the CDM.

On emissions trading, delegates differed on the need for, *inter alia*: the usage of the Protocol-consistent term "Part of an Assigned Amount" instead of "Assigned Amount Units"; legal entities to participate in the CDM; a share of proceeds from emissions trading to fund adaptation; and limits on transfers. The group accepted draft conclusions for SBSTA/SBI agreeing to forward the "consolidated text on principles, modalities, rules and guidelines" to SB-13 as a basis for further negotiation.

ARTICLES 5, 7 & 8: The group continued consideration of the six parts of the Co-Chairs' Proposed Elements of Draft Guidelines under Article 8 of the Kyoto Protocol, starting with the General Approach to Review. The US stated that there could be overlap between annual reviews, since the process might take more than a year. NEW ZEALAND said the text should specify to whom the final compilation and accounting would be reported/transmitted. The EU suggested an additional option that the pre-commitment reviews could be initiated when a Party makes a voluntary submission within a mandatory deadline. AUSTRALIA said the review of national registries could occur more frequently than on an annual basis. SWITZERLAND said the guidelines should establish criteria for the selection of experts not nominated by governments.

On Review of National Inventory Submissions, delegates discussed the categories of first-order problems to be identified during the initial check or during the individual inventory review stage. The US and AUSTRALIA suggested that methodological problems be identified during the inventory review stage. The EU stressed that these problems, such as "unexplained apparent data inconsistencies," could be identified during the initial check. The US said the lateness of a submission should be defined and distinguished from the failure to submit. The EU said the trial period would help in achieving a better understanding of potential inventory problems.

On procedures for adjustments, JAPAN suggested adding the option whereby the Party itself could voluntarily apply an adjustment. AUSTRALIA said this could accelerate the review process. The US said the incentive should rather be for Parties to follow the IPCC methodologies as elaborated by good practice. NORWAY said the Expert Review Team (ERT) would only propose an adjustment, while the compliance body would adopt it. The US said the compliance body had a role if the Party concerned refused a recommended adjustment.

On the Review of Information on Assigned Amounts, NEW ZEALAND sought a reference to Article 4 (joint fulfillment) to ensure transparency on the distribution of assigned amounts between members of the agreement. AUSTRALIA called for the addition of a new Part VI "Review of Activities under Article 6."

ADVERSE EFFECTS: Co-Chair Salamat asked delegates to consider the process leading to COP-6, and noted that an informal consultation may be held on this issue during the intersessional period prior to the informal meetings preceding SB-13. The G-77/CHINA supported the development of text for discussion at the informal meetings prior to SB-13 and noted that, under the Buenos Aires Plan of Action, COP-6 needs to develop initial actions rather than simply a process. SAUDI ARABIA supported the need for further workshops focusing on concrete actions. The US stressed that the objective of this process was to promote the prospects of ratifying the Protocol. He said progress was needed at SB-13 on negotiating draft decisions.

Co-Chair Salamat said discussions during the past two weeks had been very productive. He distributed text for relevant SB-12 draft conclusions that, *inter alia*, note that the Chairs of the subsid-

This issue of the Earth Negotiations Bulletin © <enb@iisd.org> is written and edited by Angela Churie <angela@iisd.org>, Jon Hanks <jon.hanks@iiiee.lu.se>, Lavanya Rajamani <lavanya@iisd.org>, Malena Sell <malena@iisd.org>, Chris Spence <chris@iisd.org> and Juliette Voinov <cedrickohler@email.msn.com>. The Digital Editors are Andrei Henry <andrei@iisd.org> and Ken Tong <ken@iisd.org>. The Editor is Pamela S. Chasek, Ph.D. <pam@iisd.org> and the Managing Director is Langston James "Kimo" Goree VI <kimo@iisd.org>. The Sustaining Donors of the Bulletin are the Netherlands Ministry of Foreign Affairs, the Government of Canada (through CIDA and DFAIT), the United States (through USAID), the Swiss Agency for Environment, Forests and Landscape (SAEFL), the United Kingdom Department for International Development (DFID) and the European Commission (DG-ENV). General Support for the Bulletin during 2000 is provided by the German Federal Ministry of Environment (BMU) and the German Federal Ministry of Development Cooperation (BMZ), the Danish Ministry of Foreign Affairs, the Ministry of Environment of Austria, the Ministries of Foreign Affairs and Environment of Norway, the Ministries of Foreign Affairs and Environment of Finland, the Government of Australia, and BP Amoco. Logistical support has been provided at this meeting by the UNFCCC Secretariat. The Bulletin can be contacted by e-mail at <enb@iisd.org> and at tel: +1-212-644-0204; fax: +1-212-644-0206. IISD can be contacted by e-mail at <info@iisd.ca> and at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada. The opinions expressed in the Earth Negotiations Bulletin are those of the authors and do not necessarily reflect the views of IISD and other funders.

iary bodies, with the assistance of the Secretariat, will develop a text based on the current consolidated text, on other inputs from Parties, and on comments made during the discussions at SB-12. The conclusions also note that the Chairs' text will serve as the basis for negotiation at SB-13. The group adopted these conclusions.

LULUCF: Co-Chair Thorgeirsson noted that the draft conclusions had been completed after additional consultations in the morning. On criteria and guiding principles, Parties had agreed to request indication of how the additional activities proposed by Parties in their 1 August submissions would relate to the objectives and principles of the FCCC and Kyoto Protocol. They had also reached agreement on the elements for a synthesis of textual proposals from their 1 August submissions, which they requested the Secretariat to prepare. The Co-Chair noted an additional conclusion highlighting the fact that documents for the next session would be available only at a late date, and urged Parties to accelerate their consideration of the issue. SAUDI ARABIA highlighted the tight schedule for an intersessional consultation, while ITALY offered to host this meeting in Rome. The Secretariat and POLAND provided details on the workshop to be held in July in Poznan, Poland, and the Secretariat outlined the process for the 1 August submissions.

POLICIES AND MEASURES: In an informal meeting chaired by José Romero (Switzerland), delegates considered revised draft conclusions on policies and measures (P&Ms). During the deliberations, the EU and JUSCANZ members reiterated their respective positions on the timing and nature of further activities on P&Ms. Participants agreed to replace text recommending that the work on P&Ms continue, in particular through a workshop in 2001, with the recommendation that the issue be considered further at SBSTA-13. The text proposed by the EU and G-77/CHINA on Terms of Reference for a workshop on P&Ms was not adopted.

CAPACITY BUILDING: Delegates discussed capacity building both in countries with economies in transition (EITs) and in developing countries. On capacity building in EITs, delegates considered submissions from the Russian Federation and Poland. The Polish submission focused on elements relating to implementation of capacity building. It includes calls for, *inter alia*: developing action plans to reflect national needs and priorities; inviting the GEF, through a COP decision, to consider the needs of EITs in the Capacity Development Initiative (CDI); and organizing a workshop for the purpose of identifying and coordinating regional and subregional programmes. The Russian Federation submission covered the principles, objectives, strategy and implementation elements for a draft framework. The RUSSIAN FEDERATION noted that there was agreement among the EITs on the principles and scope of the framework, but stated that consultations to complete an EIT group submission were ongoing.

Delegates also considered the revised Chair's text on capacity building in non-Annex I countries. Several participants reiterated the need for capacity building to be country-driven, iterative and long-term, to build on indigenous capacities, and to operate through local institutions. The US and the EU proposed listing a menu of activities, noting that different countries have different concerns.

The G-77/CHINA proposed additional amendments to the Chair's text that stress the need for: capacity building to contribute to sustainable development; partnership with, and assistance from, developed countries; and proper guidance from intergovernmental organizations, such as the GEF, UNDP, and World Bank, to ensure that access to resources is transparent, with clear and less cumbersome procedures. Supported by CHINA, he urged moving forward toward concrete actions by COP-6. UGANDA sought clarification of what is meant by "centers of excellence," noting that this could be interpreted differently. The US stressed that capacity building should be results-based and designed to produce clearly identified results. The EU suggested inviting the GEF and UNDP to report on the CDI at SB-13 and requesting other organizations to report on their capacity building activities. Chair Ashe welcomed further submissions by 30 June, after which the Secretariat would prepare a draft framework on capacity building.

SBSTA

Delegates adopted, without discussion, draft conclusions on: Guidelines under Articles 5, 7 and 8 of the Kyoto Protocol, which included an Annex on Guidelines for National Systems for the Estimation of Anthropogenic Greenhouse Gas Emissions by Sources and Removal by Sinks under Article 5.1 of the Kyoto Protocol (FCCC/SBSTA/2000/L.2); Development and Transfer of Technologies - Status of the Consultative Process (Decision 4/CP.4); and Development and Transfer of Technologies - Other Matters (FCCC/SBSTA/2000/L.4).

After some deliberation, the Draft Conclusions on Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories (FCCC/SBSTA/2000/L.3) were adopted, with two amendments: Annex I Parties with EITs may phase-in good practice guidance "two years," rather than one year, later than other Annex I Parties; and reference to "all Parties" being assisted by good practice guidance in preparing higher-quality greenhouse gas inventories was deleted.

On the Draft Conclusions on Land Use, Land-Use Change and Forestry, SAUDI ARABIA, opposed by a number of Parties, including TUVALU speaking for the G-77/CHINA, proposed deleting text on convening an intersessional consultation on LULUCF after SBSTA-13. The text was retained and the conclusions were adopted with an Annex providing formats for the submission of country-specific data on proposals by Annex I Parties for activities related to Protocol Article 3.3 (afforestation, reforestation and deforestation) and Article 3.4 (additional activities). ITALY offered to host the intersessional consultation, suggesting it take place in October.

IN THE CORRIDORS

Some participants have said they will be watching with interest the upcoming meeting of the EU Council of Ministers for clearer indications of the Union's negotiating positions on some of the key issues raised at SB-12. Several observers have expressed frustration at the EU's performance during the SB-12 discussions, noting an apparent setback on policies and measures and a lack of coherence, which contrasts with that of the Umbrella Group. Others have suggested that any perceived loss of ground at this stage in the negotiating process is overstated, and that a verdict on the Union's performance is premature prior to the Ministerial meeting, which will take important decisions such as those on sinks and nuclear power.

THINGS TO LOOK FOR TODAY

SBSTA/SBI JOINT SESSION: The joint SBI/SBSTA session will begin at 10:00 am in Plenary I and is expected to consider and adopt draft conclusions on adverse effects, the mechanisms, and compliance, and a decision expressing solidarity with southern African countries, particularly Mozambique.

SBI: SBI will meet at 3:00 pm in Plenary II to consider and adopt outstanding agenda items, including those on arrangements for intergovernmental meetings, and administrative and financial matters.

SBSTA: SBSTA will meet at 3:00 pm in Plenary I to consider and adopt outstanding agenda items, including those on policies and measures, and cooperation with relevant international organizations.