



## SUMMARY OF THE TWELFTH SESSIONS OF THE SUBSIDIARY BODIES OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: 5-16 JUNE 2000

The twelfth sessions of the subsidiary bodies (SB-12) of the United Nations Framework Convention on Climate Change (FCCC) were held from 12-16 June 2000 in Bonn, Germany, preceded by one week of informal meetings from 5-10 June. With almost 1700 participants in attendance representing 145 Parties, three observer States, 148 observer organizations and the media, delegates to SB-12 and the informal meetings continued to work toward fulfilling the Buenos Aires Plan of Action (BAPA) adopted at the Fourth Conference of the Parties (COP-4) in November 1998. Under the BAPA, Parties set a two-year deadline to strengthen FCCC implementation and to prepare for the future entry into force of the Kyoto Protocol. The Sixth Conference of the Parties (COP-6), scheduled to take place from 13-24 November 2000, in The Hague, the Netherlands, will mark the culmination of this two-year process.

During the course of the informal meetings and SB-12, delegates focused on a range of technical and political issues aimed at laying the foundations for negotiations on a comprehensive agreement to be completed at COP-6. This resulted in the adoption of 21 draft conclusions on various issues, including policies and measures, land use, land-use change and forestry, guidelines under Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information) of the Protocol, technology transfer, and mechanisms. SB-12 also adopted the Report of the Joint Working Group on Compliance. At the close of SB-12, delegates expressed a general sense of satisfaction that they had reached their limited, but essential, objective. By developing negotiating text on key issues for consideration at SB-13, the meetings paved the way for the critical stage of negotiations that is still to come.

### A BRIEF HISTORY OF THE FCCC AND THE KYOTO PROTOCOL

The FCCC was adopted on 9 May 1992, and opened for signature at the UN Conference on Environment and Development in June 1992. It entered into force on 21 March 1994, 90 days after receipt of the 50th ratification. It has currently received 184 instruments of ratification, acceptance, approval or accession.

**COP-1:** The first Conference of the Parties to the FCCC (COP-1) took place in Berlin from 28 March - 7 April 1995. In addition to addressing a number of important issues related to the future of the FCCC, delegates reached agreement on the adequacy of commitments and adopted the "Berlin Mandate." Delegates agreed to establish an open-ended *Ad Hoc* Group on the Berlin Mandate (AGBM) to begin a process toward appropriate action for the period beyond 2000, including the strengthening of Annex I Parties' commitments through the adoption of a protocol or another legal instrument. COP-1 also requested the Secretariat to make arrangements for sessions of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI). SBSTA serves as the link between the information provided by competent international bodies, and the policy-oriented needs of the COP. SBI was created to develop recommendations to assist the COP in the review and assessment of FCCC implementation and in the preparation and implementation of its decisions.

**AD HOC GROUP ON THE BERLIN MANDATE:** The AGBM met eight times between August 1995 and COP-3 in December 1997. During the first three sessions, delegates focused on analyzing and assessing what the possible policies and measures (P&Ms) to strengthen the commitments of Annex I Parties (developed country Parties and Parties with economies in transition) could be, how Annex I countries might distribute or share new commitments and whether commitments should take the form of an amendment or a protocol. AGBM-4, which coincided with COP-2 in Geneva in July 1996,

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This issue of the *Earth Negotiations Bulletin* © <enb@iisd.org> is written and edited by Angela Churie <angela@iisd.org>, Jon Hanks <jon.hanks@iiee.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 Ministry of Foreign Affairs and Ministry of 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. Excerpts from the *Earth Negotiations Bulletin* may be used in non-commercial publications only and only with appropriate academic citation. For permission to use this material in commercial publications, contact the Managing Editor. Electronic versions of the *Bulletin* are sent to e-mail distribution lists and can be found on the Linkages WWW server at <http://www.iisd.ca/linkages/>. The satellite image was taken above Bonn ©2000 The Living Earth, Inc. <http://livingearth.com>. For information on the *Earth Negotiations Bulletin*, send e-mail to the Managing Director at <kimo@iisd.org>.



completed its in-depth analysis of the likely elements of a protocol and States appeared ready to prepare a negotiating text. At AGBM-5, in December 1996, delegates recognized the need to decide whether to permit Annex I Parties to use mechanisms that would give them flexibility in meeting their quantified emissions limitation and reduction objectives (QELROs).

As the protocol was drafted during the sixth and seventh sessions of the AGBM, in March and August 1997, respectively, delegates streamlined a framework compilation text by merging or eliminating some overlapping provisions within the myriad of proposals. Much of the discussion centered on a proposal from the EU for a 15% cut in a basket of three greenhouse gases (GHG) by the year 2010 compared to 1990 emissions levels. In October 1997, as AGBM-8 began, US President Bill Clinton called for "meaningful participation" by developing countries in the negotiating position he announced in Washington. In response, the G-77/China distanced itself from attempts to draw developing countries into agreeing to new commitments.

**COP-3:** The Third Conference of the Parties (COP-3) was held from 1-11 December 1997, in Kyoto, Japan. Over 10,000 participants, including representatives from governments, intergovernmental organizations (IGOs), non-governmental organizations (NGOs) and the media, attended the Conference, which included a high-level segment featuring statements from over 125 ministers. Following intense formal and informal negotiations, Parties to the FCCC adopted the Kyoto Protocol on 11 December 1997.

In the Protocol, Annex I Parties to the FCCC agreed to commitments with a view to reducing their overall emissions of six GHGs by at least 5% below 1990 levels between 2008 and 2012. The Protocol also established emissions trading, Joint Implementation (JI) between developed countries, and a Clean Development Mechanism (CDM) to encourage joint emissions reduction projects between developed and developing countries. To date, 22 Parties have ratified the Protocol. The Protocol will enter into force 90 days after it is ratified by 55 Parties to the FCCC, including Annex I Parties representing at least 55% of the total carbon dioxide (CO<sub>2</sub>) emissions for 1990.

**COP-4:** The Fourth Conference of the Parties (COP-4) was held from 2-13 November 1998, in Buenos Aires, Argentina, with over 5000 participants in attendance. During the two-week meeting, delegates deliberated decisions for the COP during SBI-9 and SBSTA-9. A high-level segment, which heard statements from over 100 ministers and heads of delegation, was convened on Thursday, 12 November.

Following hours of high-level closed door negotiations and a final plenary session, delegates adopted the Buenos Aires Plan of Action (BAPA). Under the BAPA, the Parties declared their determination to strengthen the implementation of the FCCC and prepare for the future entry into force of the Protocol. The BAPA contains the Parties' resolution to demonstrate substantial progress on: the financial mechanism; the development and transfer of technology; the implementation of FCCC Articles 4.8 and 4.9, as well as Protocol Articles 2.3 and 3.14 (adverse effects); activities implemented jointly (AIJ); the mechanisms of the Protocol; and the preparations for the first Conference of the Parties serving as the meeting of the Parties to the Protocol (COP/MOP-1).

**SBI-10 AND SBSTA-10:** The subsidiary bodies to the FCCC held their tenth sessions in Bonn, Germany, from 31 May - 11 June 1999, and began the process of fulfilling the BAPA. SBSTA considered topics such as Annex I communications, methodological issues and the development and transfer of technology. SBI discussed, *inter alia*, administrative and financial matters and non-Annex I communications. SBI and SBSTA jointly considered the mechanisms of the Protocol, AIJ and compliance.

**COP-5:** The Fifth Conference of the Parties (COP-5) met in Bonn from 25 October - 5 November 1999. With over 3000 participants in attendance and 165 Parties represented, delegates continued working toward fulfilling the BAPA. During the two-week meeting, delegates deliberated decisions for the COP during SBI-11 and SBSTA-11. Ninety-three ministers and other heads of delegation addressed COP-5 during a high-level segment held from 2-3 November. COP-5 adopted 32 draft decisions and conclusions on, *inter alia*, the review of the implementation of commitments and other FCCC provisions, and preparations for COP/MOP-1.

**INTERSESSIONAL MEETINGS:** Several FCCC workshops were held prior to SB-12 to assist the process leading to COP-6 relating to: the development of elements of procedures and mechanisms relating to a compliance system under the Protocol; adverse effects of climate change and the impact of implementation of response measures; guidelines under Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information) of the Kyoto Protocol; best practices in P&Ms; and technology transfer. Informal consultations were also held on various issues, including mechanisms.

## REPORT OF SB-12

During SB-12, SBSTA considered and adopted conclusions on issues such as: "best practices" in policies and measures (P&Ms); land use, land-use change and forestry (LULUCF); guidelines under Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information) of the Kyoto Protocol; good practice guidance and uncertainty management in national greenhouse gas inventories; and development and transfer of technologies. SBI considered and adopted conclusions relating on Annex I communications, non-Annex I communications, the financial mechanism, arrangements for intergovernmental meetings, and administrative and financial matters. SBI and SBSTA jointly addressed and agreed to conclusions on adverse effects, compliance and the Protocol mechanisms. The subsidiary bodies were assisted in their work by a pre-session week of informal meetings and workshops, held from 5-10 June, aimed at making substantial progress and providing textual proposals for SB-12. In addition, five contact groups, a joint SBI/SBSTA working group and numerous informal meetings and consultations were convened during the formal session, which also helped the subsidiary bodies complete their work.

## SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA Chair Harald Dovland (Norway) opened the first formal meeting on Monday, 12 June, and welcomed participants to the session. He noted that the preceding week of informal meetings and workshops considered several issues listed under the SBSTA agenda, and said the meetings and workshops had made significant progress on these issues. He stated that the aim of SBSTA-12 was to agree on negotiating texts in preparation for substantive negotiations at SB-13.

FCCC Executive Secretary Michael Zammit Cutajar expressed hope that the week of informal meetings and workshops would facilitate progress during SB-12. He noted that a week of informal meetings would also precede SB-13. Delegates then adopted the provisional agenda and organization of work for the session (FCCC/SBSTA/2000/L.1).



### “BEST PRACTICES” IN POLICIES AND MEASURES

The issue of “best practices” in policies and measures among Annex I Parties was addressed in two informal meetings during the pre-session week, at a SBSTA plenary meeting on Tuesday, 13 June, and in two subsequent informal meetings. Conclusions on P&Ms were adopted by SBSTA on Friday, 16 June.

During the informal meeting on Tuesday, 6 June, Dovland summarized the outcome of the P&Ms workshop held in April in Copenhagen, and asked delegates for suggestions on future work. Most delegates underlined the value of exchanging information on P&Ms, although many expressed concern with the heavy workload prior to COP-6. The EU proposed additional workshops to address the technical aspects of P&Ms, and, with others, emphasized the need to improve quantification of assessment of P&Ms at a sectoral level. Canada, supported by Australia, called for indicators taking into account specific national circumstances, and expressed preference for the concept of “good practices.” With the US, he highlighted the importance of completing national inventories. The Netherlands and France said that reliance on inventories alone was insufficient for evaluating the effectiveness of P&Ms. Nigeria and others proposed workshops to examine the effect of P&Ms on developing countries, and suggested that P&Ms be dealt with as a cross-cutting issue with Articles 4.8 and 4.9 (adverse effects).

Delegates were invited to submit written proposals. These formed the basis of draft SBSTA-12 conclusions and preliminary elements of a draft decision by COP-6, which were considered at an informal meeting on Friday, 9 June. The draft conclusions included a SBSTA recommendation that work on sharing information continue, in particular through a workshop in 2001. The draft decision stated, *inter alia*, that this process should lead to a further elaboration of the guidelines under Article 7.2 (national communications) and enable demonstration of progress by 2005, as called for in Article 3.2. The EU supported moving forward by exchanging views on both texts. Noting the lack of time, the G-77/China objected to consideration of elements of a draft decision. Saudi Arabia proposed considering only those conclusions that expressed appreciation for the workshop in Copenhagen and called for a workshop in 2001.

At the SBSTA-12 Plenary on Tuesday, 13 June, Chair Dovland recalled the broad agreement on the usefulness of exchanging information, and urged delegates to develop the terms of reference for another workshop. The EU highlighted the importance of quantifying the effectiveness of Annex I Parties’ domestic actions, and called for workshops to be held in accordance with terms of reference to be adopted by SBSTA-13. Switzerland, opposed by the G-77/China, proposed that a contact group be established using the Chair’s consolidated text as a basis for discussion. Argentina underlined his international commitment to voluntarily reduce GHGs once Parties devise a new instrument that enables non-Annex-I countries to participate in emissions trading.

In an informal meeting on Wednesday, 14 June, chaired by José Romero (Switzerland), delegates continued their consideration of the draft conclusions. Chair Dovland’s preliminary elements of a draft decision were not tabled. The EU tabled additional paragraphs on conclusions, including a proposed terms of reference for a possible workshop on P&Ms. The G-77/China presented alternative text on the terms of reference. On the draft conclusions, delegates agreed to replace “best” with “good” practices, and specify reference to Protocol Article 2.1(g). Delegates failed to agree on whether the terms of reference of a workshop should be determined before or after COP-6. The EU, Poland, Switzerland and the G-77/China urged that the terms of reference be considered at SBSTA-13, while Australia, Canada, Japan and the US proposed consideration after COP-6.

Delegates continued deliberations in an informal meeting on Thursday, 15 June, during which they reiterated their positions on the timing and nature of further activities on P&Ms. Following these discussions, text recommending that the work on P&Ms continue, in particular through a workshop in 2001, was replaced with text noting the decision to consider the issue 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.

On Friday, 16 June, SBSTA adopted conclusions on P&Ms (FCCC/SBSTA/2000/CRP.4) that: take note of the Chair’s report of the workshop on “best practices” in P&Ms held in Copenhagen in April 2000; conclude that the workshop helped Parties advance their work on sharing experiences regarding “good practice” in P&Ms related to Protocol Article 2.1(b); and note the decision to consider this issue at SBSTA-13. Venezuela, on behalf of the G-77/China, expressed disappointment at the lack of substantive progress regarding preparations for a workshop.

### METHODOLOGICAL ISSUES

**LULUCF:** Land use, land-use change and forestry was considered during informal meetings during the pre-session week. The informal meetings, co-chaired by Halldor Thorgeirsson (Iceland) and Philip Gwage (Uganda), addressed a number of issues, including: consideration of the Intergovernmental Panel on Climate Change’s (IPCC) Special Report on LULUCF; and preparation for Parties’ submissions due on 1 August, including criteria and guiding principles for the identification of additional activities under Article 3.4 and a data reporting format. An open-ended break-out group chaired by Andreas Fischlin (Switzerland) worked on the data reporting format based on proposals by the EU, Australia and the US. Following a preliminary exchange of ideas on criteria and guiding principles, the Co-Chairs prepared a draft conclusion that was discussed during the formal session.

On Wednesday, 7 June, IPCC Chair Robert Watson chaired a special side event on the IPCC Special Report on LULUCF. He presented the report’s major findings, which were then elaborated on by some of the lead authors. Areas covered included: the global carbon cycle; afforestation, reforestation and deforestation (ARD) definitions and accounting scenarios; methods for measuring and monitoring changes in carbon stocks; potential of Article 3.3 (ARD) and 3.4 activities; project-based activities; reporting guidelines; and sustainable development implications.

In an informal meeting held on Thursday, 8 June, Co-Chair Thorgeirsson introduced a paper on possible elements for a draft decision. The paper contained reference to relevant parts of the IPCC Special Report’s summary and aimed to help guide discussions, which continued during the next two days. Focusing on implications for Articles 3.3 and 3.4, the discussions touched on, *inter alia*:

- ARD definitions, accounting scenarios, and how to combine them;
- issues related to separating “human-induced” activities, “direct human-induced” activities, and natural variability;
- improved management versus land-use change;
- the basis of and need for a definition of “forest”;
- the carbon accounting schemes and their relationship to atmospheric carbon;
- implications for the harvest-regeneration cycle;
- carbon stock changes versus fluxes;
- baselines and additionality;
- non-CO<sub>2</sub> gases; and
- incentives for sequestration where no land-use change occurs, and for the capture of co-benefits.



LULUCF was subsequently addressed during SBSTA-12's opening session, on Monday, 12 June. Co-Chair Gwage noted the capacity-building function of the pre-session week with regard to the IPCC Special Report on LULUCF. Several developing country Parties and the EU called for sufficient time to consider the report. Burkina Faso, on behalf of the African Group, suggested holding a workshop for African Parties on the Special Report and underscored links between land degradation and sequestration. Brazil, on behalf of the G-77/China, emphasized that work on LULUCF should be guided by the ultimate objective of the FCCC and the principle of common but differentiated responsibilities. He expressed concern that the growing "sink" in Annex I countries would create an entitlement to emit, and called for appropriate carbon accounting approaches. Colombia, opposed by Samoa, supported equal treatment of forestry in the CDM. On Article 3.3 and 3.4, Australia and Canada suggested addressing both as a package. Switzerland said Article 3.3 should be given priority. The EU stressed emissions reductions as the main emphasis when elaborating Article 3.4.

A contact group on LULUCF met several times between 12-15 June to consider SBSTA-12 draft conclusions. Differing views were expressed on, *inter alia*: criteria and guiding principles for identification and selection of additional activities under Article 3.4; a synthesis of elements for textual proposals to be presented in Parties' submissions due on 1 August; and additional intersessional work. On criteria and guiding principles, the EU called for inclusion of further criteria and a guiding principle emphasizing emissions reduction. Australia opposed this proposal, stressing the importance of allowing for consideration of national circumstances. Parties agreed to request an indication of how the additional activities proposed by Parties in their 1 August submissions relate to the objectives and principles of the FCCC and the Kyoto Protocol. On textual proposals, agreement was reached on the elements for a synthesis from Parties' 1 August submissions, to be prepared by the Secretariat to facilitate work at SBSTA-13. On additional intersessional work, the G-77/China highlighted the need for non-Annex I capacity building on LULUCF, and called for regional workshops. Delegates agreed to invite the SBSTA to encourage workshops. Co-Chair Thorgeirsson highlighted a proposal to convene an intersessional consultation between SB-13 and COP-6 to support the negotiation process, and urged delegates to focus on what is needed for COP-6. Tuvalu cautioned against moving forward with draft decisions during the intersessional consultation.

Following further consultations, draft conclusions were completed on Thursday, 15 June. Saudi Arabia highlighted the tight schedule for an intersessional consultation, while Italy offered to host this intersessional meeting in Rome. The FCCC Secretariat and Poland provided detail on the workshop on LULUCF, scheduled to take place in July in Poznan, Poland. The draft conclusions (FCCC/SBSTA/2000/CRP.2) adopted by SBSTA on Thursday, 15 June, *inter alia*:

- request indication of how the additional activities proposed by Parties in their 1 August submissions relate to the objectives and principles of the FCCC and Protocol;
- agree to a data reporting format for Parties' 1 August submissions (annexed to the conclusion) and decide to consider this data at SBSTA-13 in light of document FCCC/SBSTA/1999/14, subparagraphs 46(g),(i) and (k) (a SBSTA-11 conclusion requesting the preparation of a consolidated synthesis of the proposals);
- request Parties to provide textual proposals on, *inter alia*, Article 3.3 and 3.4;
- request the Chair, with the FCCC Secretariat, to prepare a synthesis of textual proposals from Parties' 1 August submissions;
- encourage the organization of regional workshops; and
- invite the Chair to convene an intersessional consultation between

SBSTA-13 and COP-6.

**GUIDELINES UNDER ARTICLES 5, 7 AND 8 OF THE PROTOCOL:** On Monday, 5 June, delegates began their consideration of guidelines under Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information) in an informal meeting. Co-Chair Helen Plume (New Zealand) identified the objectives of the meeting as finalizing the guidelines under Article 5.1 (national systems) and making progress on the guidelines under Article 8 and methodologies under 5.2 (adjustments). She proposed convening two sub-groups to address these objectives. In response to a request by the EU, she agreed to hold a session in one of the sub-groups to exchange views on Article 7. Taka Hiraishi of the IPCC presented the Special Report on Good Practice Guidance and Uncertainty Management in National GHG Inventories. The meeting split into two subgroups from 5-10 June.

**Sub-group on National Systems under Article 5.1:** The subgroup started considering draft guidelines on Monday, 5 June, and agreed on revised draft Guidelines for National Systems for the Estimation of Anthropogenic Greenhouse Gas Emissions by Sources and Removals by Sinks under Article 5.1 of the Kyoto Protocol on Saturday, June 10. Over the course of the week, the sub-group discussed technical details relating to the guidelines, including links to other articles. Several delegates expressed their views on reporting with regard to national systems, and links to Article 7. The EU said the reporting requirements should be elaborated within the current guidelines, while the US supported making reference to such requirements being defined in the guidelines under Article 7, in accordance with the relevant decisions of the COP or COP/MOP. Co-Chair Plume noted that the issue would be carried over to future discussions on Article 7. The EU suggested a new paragraph on characteristics of national inventories that makes reference to monitoring of legal entities and/or projects under Articles 6 (JI) and 17 (emissions trading). The US opposed making specific reference to these articles and noted a paragraph leaving open the option of future linkage through Article 7 and relevant decisions by the COP or COP/MOP. The agreed version of the guidelines follows the US suggestions.

**Sub-group on Articles 5.2 and 8:** From 5-7 June, delegates considered the general structure of the proposed draft guidelines under Article 8. The EU presented a proposal for a new six-part structure for the guidelines under Article 8: general approach, national inventory submissions, information on assigned amounts, national systems, national registries, and national communications and other commitments. Delegates also exchanged views on Part I of the guidelines relating to the review of national inventory submissions, national systems and national registries. On Classification of Inventory Problems, the EU presented a non-paper that provides for, *inter alia*, categories of problems triggering an expedited procedure.

On Thursday, 8 June, delegates exchanged views on the draft guidelines under Article 7. On information submitted under Article 7.2 (national communication), the EU, supported by Saudi Arabia and opposed by the US, Canada, New Zealand and Australia, proposed reporting on "demonstrable progress." When considering the Draft Guidance on Methodologies for Adjustments under Article 5.2, the EU, with Switzerland and Slovakia, said the trial period on inventory review would provide the IPCC with the information on problems to be addressed.

On Thursday and Friday, 8-9 June, the sub-group continued consideration of the EU proposal on the Classification of Inventory Problems in the guidelines under Article 8. On adjustments, Slovakia, the US, New Zealand and Canada said all inventory problems were adjustable, while the EU said inventory problems of a specific



threshold were not adjustable. Delegates then invited the Co-Chairs to produce a revised text of the elements of draft guidelines under Article 8, based on the EU six-part structure.

**SBSTA:** On Monday, 12 June, Co-Chair Newton Paciornik (Brazil) reported to SBSTA on the pre-session informal meetings and their outcome. The US and Japan recommended adoption of guidelines for national systems at COP-6.

**Contact Group on Articles 5, 7 and 8:** A contact group, co-chaired by Plume and Paciornik, met from 12-15 June. On Monday, 12 June, the contact group reached agreement on the second draft of the Guidelines for National Systems under Protocol Article 5.1. The Secretariat introduced SBSTA Draft Conclusions on Good Practice Guidance and Uncertainty Management in National GHG Inventories. The contact group also considered draft conclusions on guidelines under Articles 5, 7 and 8. By Thursday, 15 June, delegates agreed on the text of the draft guidelines and considered the revised Co-Chairs' Elements of Draft Guidelines under Article 8. Delegates made proposals to guide the FCCC Secretariat in its elaboration of the text. The EU said the guidelines should include the elements for review under the FCCC and the Protocol, but would single out the parts of the guidelines not applicable to Annex I Parties not Parties to the Protocol. 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. On procedures for adjustments, Japan suggested adding the option whereby the Party itself could voluntarily apply an adjustment. 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. 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."

**SBSTA Conclusions:** On Thursday, 15 June, SBSTA adopted the draft conclusions on Guidelines under Articles 5, 7 and 8 of the Kyoto Protocol (FCCC/SBSTA/2000/L.2), in which the SBSTA, *inter alia*:

- agrees on guidelines under Article 5.1 and on the preparation of a draft decision on this issue at SBSTA-13 for adoption at COP-6;
- advises SBI to encourage Annex I Parties to establish national systems in accordance with Article 5.1 as soon as possible in order to gain experience;
- agrees to consider guidelines under Article 7 at SBSTA-13 with the aim of recommending their adoption at COP-6;
- requests the Secretariat to prepare draft guidelines under Article 8, for consideration at SBSTA-13, with the aim of recommending their adoption by COP-6;
- agrees to consider information related to methodologies for adjustments at SBSTA-13, with the aim of recommending a decision on initial guidance at COP-6; and
- invites Parties to submit, by 1 August 2000, comments on issues related to Articles 5, 7 and 8.

**GOOD PRACTICE GUIDANCE AND UNCERTAINTY MANAGEMENT IN NATIONAL GREENHOUSE GAS INVENTORIES:** SBSTA considered this sub-item on Monday, 12 June. Taka Hiraishi, Co-Chair of the IPCC Task Force on National Greenhouse Gas Inventories, introduced the IPCC report on this issue, saying it was a significant additional instrument in improving national inventory estimates. The EU urged adoption at COP-6 of good practice guidance as part of inventory reporting. Ghana called for regional workshops to enhance developing country understanding of the IPCC report. The US

called on Parties with economies in transition (EIT) to take into account the good practice guidance as soon as possible and said non-Annex I guidelines should also incorporate good practice.

Draft conclusions were considered by SBSTA on Thursday, 15 June. Parties approved the proposed amendment that Annex I Parties with EIT may phase in good practice guidance "two years" rather than one year later than other Annex I Parties. Saudi Arabia and China, opposed by the US, Canada, the EU and Slovenia, suggested deleting reference to "all Parties" being assisted by good practice guidance in preparing higher-quality greenhouse gas inventories. After lengthy discussion, involving consideration of a proposal by China to include text requiring Annex I Parties to test the good practice guidance, delegates agreed to remove the reference to "all Parties."

SBSTA adopted conclusions on this issue (FCCC/SBSTA/2000/L.3), on Thursday, 15 June. The conclusions, *inter alia*:

- note that good practice guidance will assist in preparing higher-quality greenhouse gas inventories that are transparent, consistent, complete and comparable;
- endorse the good practice guidance as an elaboration of the Revised 1996 IPCC Guidelines and recommend its use in national GHG inventories;
- encourage non-Annex I Parties to apply good practice guidance, as appropriate, and to the extent possible in the preparation of their GHG inventories; and
- note that good practice guidance does not include specific guidance for the Land-Use-Change and Forestry sector.

**METHODS AND TOOLS TO EVALUATE IMPACTS AND ADAPTATION:** SBSTA considered this sub-item on Tuesday, 13 June. The Philippines and the Gambia stressed focusing attention on new and effective adaptation technologies. The EU and others suggested organizing a workshop proposed by the Secretariat with the IPCC, preferably after COP-6 and after the completion of the work of the IPCC Third Assessment Report. China and the Alliance of Small Island States (AOSIS) called for COP-6 resolutions supporting capacity building in developing countries.

In its conclusions (FCCC/SBSTA/2000/CRP.3), adopted on Friday, 16 June, SBSTA, *inter alia*:

- notes progress made in collecting and disseminating information on methods and tools to assess climate change impacts;
- requests the Secretariat, in coordination with the IPCC, to organize a meeting of experts to explore options to improve the compilation and review of information on methodologies;
- requests the Secretariat to prepare a report on methodological issues on climate change impacts and adaptation; and
- underlines the links with capacity building in vulnerability and adaptation assessment.

**OTHER METHODOLOGICAL MATTERS:** On Tuesday, 13 June, SBSTA heard a presentation by the FCCC Secretariat on recent meetings with the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO), relating to GHG emissions resulting from fuel used in international transportation. ICAO and IMO made written progress reports available to SBSTA. On Friday, 16 June, delegates adopted text within the Draft Report of SBSTA-12 (FCCC/SBSTA/2000/L.1), in which SBSTA took note with appreciation of these progress reports. Saudi Arabia underlined the heavy agenda leading up to COP-6, and suggested that issues relating to emissions from international transportation be postponed until after COP-6. While sharing the concern with the heavy workload, Switzerland stated that it was premature to state that any agenda items be excluded. The text was adopted without amendment.



## DEVELOPMENT AND TRANSFER OF TECHNOLOGIES

**STATUS OF THE CONSULTATIVE PROCESS:** An informal meeting on development and transfer of technology was held on Wednesday, 7 June. During this meeting, participants heard reports from three regional workshops organized as part of the consultative process aimed at advancing the understanding of technology needs, generating ideas on enhancing technology transfer, and considering 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. Participants also heard a report on the IPCC Special Report on Methodological and Technological Issues in Technology Transfer. Ogunlade Davidson, IPCC, 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>>, aimed at organizing and making accessible technology information, the project inventory database pilot initiative that creates a database of technologies in climate cooperation projects and the technology project inventory database.

On 13 June, SBSTA considered the status of the consultative process. Delegates heard a report by the IPCC on the key conclusions of the IPCC Special Report on Technology Transfer. SBSTA Chair Dovland reported that the Friends of the Chair group, formed at COP-5, had begun to identify priority areas for a COP-6 decision.

Several delegates underscored the importance of capacity building for technology transfer. The EU and Japan stressed coordination of existing sources of funding. The EU, Japan, Australia and Canada underlined the CDM's role in advancing technology transfer to developing countries. China, supported by several delegates, opposed any suggestion that the CDM could replace technology transfer under the FCCC. Mauritius suggested using specialized and professional bodies to monitor technology transfer projects.

Several developing countries supported the G-77/China's call for the formation of a contact group at this session, while the US, Australia, Switzerland and Canada preferred forming it at SB-13. The US, Malaysia and Switzerland said the IPCC special report could provide guidance in continuing the work on implementing FCCC Article 4.5 (technology transfer).

Consideration of this issue was continued in the Friends of the Chair group. This group discussed the possible elements for a framework for meaningful and effective actions to enhance the implementation of Article 4.5. The group met four times during SB-12. The group identified themes emerging from the consultative process as technology needs and needs assessment, technology information, enabling environments, capacity building, and mechanisms for technology transfer. They also began identifying actions under each theme. The informal consultations in the Friends of the Chair will resume from 2-4 August 2000, in Colorado.

On Thursday, 15 June, delegates adopted draft conclusions on Development and Transfer of Technology, Status of the Consultative Process (FCCC/SBSTA/2000/CRP.1). In these conclusions, SBSTA, *inter alia*:

- notes the completion of the three regional workshops and the large and diverse number of ideas generated;
- takes note of the IPCC Special Report on Methodological and Technological Issues in Technology Transfer;
- invites Parties to submit their views by 30 June on a framework for implementation of meaningful and effective actions to enhance the implementation of FCCC Article 4.5;
- recalls its request to the Chair to avail at SB-13, a report of the outcome of the consultative process; and
- notes the progress made in the development of the Secretariat's technology web page and in developing a pilot project on technology cooperation project inventory.

**OTHER MATTERS RELATING TO DEVELOPMENT AND TRANSFER OF TECHNOLOGIES:** Delegates considered this agenda item on Tuesday, 13 June, and heard a presentation by John Houghton, IPCC, on the applicability of regional climate models at the scale of small island States. He highlighted that, despite progress in regional modeling, much uncertainty remains. SBSTA adopted the Chair's draft conclusions (FCCC/SBSTA/2000/L.4) on Thursday, 15 June. In the draft conclusions, SBSTA:

- notes the IPCC report on the applicability of regional climate models on the scale of small island States;
- notes that regional models are being developed and applied for use on the scale of small island States and that state-of-the-art regional climate models are critical tools for planning for adaptation to climate change and its effects; and
- invites the Co-Chairs of IPCC Working Group I to make more information available at SB-14 on the status of regional climate modeling for different regions.

## COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS

Delegates considered cooperation with relevant scientific organizations, UN Bodies and international conventions on Tuesday, 13 June. Reports were presented by the IPCC, the Global Climate Observing System (GCOS), the FCCC Secretariat, the World Health Organization (WHO), the Ramsar Convention on Wetlands, and the United Nations Development Programme (UNDP).

IPCC Chair Robert Watson noted that the IPCC had completed work on three special reports: Methodological and Technological Issues in Technology Transfer; Emissions Scenarios; and Land-Use, Land-Use Change and Forestry, as well as a report on Good Practice and Uncertainty Management in National Greenhouse Gas Inventories. He said that the preparation and peer-review of the Third Assessment Report (TAR) is well advanced, with the three Working Group reports of the TAR expected to be approved in January 2001. He urged governments to: support expert participation in the IPCC process; continue to financially support the IPCC trust fund; and avoid using the IPCC process as a pre-negotiating forum for the FCCC and the



Kyoto Protocol. On the Special Report on Emissions Scenarios, he highlighted that model calculations indicate that the emission scenarios would result in projected increases in global mean surface temperature of about 1-5 degrees Centigrade by 2001, in contrast to those reported in the IPCC Second Assessment Report of 1-3.5 degrees Centigrade.

GCOS Director Alan Thomas outlined developments regarding the facilitation of an intergovernmental process for systematic climate observations; reported on GCOS plans for regional workshops on capacity building; and highlighted developments in the global observing systems for climate, including recent activities of the Integrated Observing System Strategy partnership.

Nick Davidson, Deputy Secretary-General of the Ramsar Convention on Wetlands, identified themes of common interest with the FCCC and noted that the Scientific and Technical Review Panel of the Ramsar Convention is preparing a review of these themes. Carlos Corvalan (WHO) and Thomas Johannson (UNDP) identified recent relevant climate change initiatives being undertaken by their respective organizations.

In discussions on the presentations: Nigeria highlighted the need for open, thorough and transparent scientific processes; Switzerland invited governments to contribute to funding the IPCC; Australia, Canada and others underlined the capacity-building implications of the GCOS regional workshops; and several delegations underlined the importance of maintaining the political independence of the IPCC.

On Friday, 16 June, SBSTA adopted conclusions on cooperation with relevant international organizations (FCCC/SBSTA/2000/CRP.5). In its conclusions, SBSTA, *inter alia*:

- notes the progress made in the preparation of the TAR;
- urges Parties to continue their financial support of the IPCC and ensure the scientific integrity of the IPCC process;
- notes the efforts being taken by the GCOS Secretariat to organize regional workshops to identify priority capacity-building needs;
- invites the CGOS Secretariat to report periodically on its activities; and
- requests the FCCC Secretariat to continue to explore areas of cooperation on substantive matters with UN agencies and other conventions.

#### **OTHER MATTERS**

On Tuesday, 13 June, delegates heard a report from the Secretariat on proposals to advance the implementation of FCCC Article 6 (education, training and public awareness). The Central African Republic, with others, advocated that Article 6 be a separate SBSTA agenda item. The G-77/China undertook to provide SBSTA with consolidated text on this issue on 14 June.

SBSTA adopted conclusions on this issue (FCCC/SBSTA/2000/CRP.6) on Friday, 16 June, in which it:

- notes with appreciation that the issue of education, training and public awareness had been taken up at the current session;
- notes that the issue has so far received little attention from SBSTA, and that any lessons learned by Parties, intergovernmental organizations and NGOs should be compiled and shared; and
- requests the Secretariat to place Article 6 on the agenda of SBSTA-14 and, where appropriate, subsequent sessions.

#### **CLOSING SBSTA PLENARY**

In the closing SBSTA Plenary held on the afternoon of Friday, 16 June, delegates adopted draft conclusions on: P&Ms; methods and tools to evaluate impacts and adaptation; cooperation with interna-

tional organizations; and education, training and public awareness. Chair Dovland presented, and delegates adopted, the draft report of SBSTA-12 (FCCC/SBSTA/2000/L.1).

Colombia emphasized its support for a document that Costa Rica had presented earlier in the day, outlining the views of 14 Latin American countries regarding implementation of the CDM.

In his closing remarks, Chair Dovland thanked delegates for their cooperation, emphasized that much hard work remains before COP-6, and closed the meeting at 3:35pm.

#### **SUBSIDIARY BODY FOR IMPLEMENTATION**

SBI Chair John Ashe (Antigua & Barbuda) opened SBI-12 on Monday, 12 June. He noted important progress at the informal meetings the previous week. Delegates adopted the agenda and the organization of work for the session (FCCC/SBI/2000/L.1).

#### **ANNEX I COMMUNICATIONS: SECOND REVIEW OF NATIONAL COMMUNICATIONS**

On Monday, 12 June, the SBI considered the experience with the review of second national communications from Parties included in FCCC Annex I. Switzerland, supported by the Russian Federation, underlined the importance of training review experts and supported holding of a workshop to exchange information about the preparation of third national communications. The EU said it expected a decision on Protocol Article 7.2 (national communications) at COP-6 and a decision on Protocol Article 8 (review of information) at COP-7. The US and Canada suggested postponing consideration of the review of guidelines on national communications until SB-14. With Australia, they stressed the issue was not a priority for COP-6.

On Wednesday, 14 June, the SBI adopted the draft conclusions on national communications of Annex I Parties (FCCC/SBI/2000/CRP.5), whereby the SBI, *inter alia*, welcomes the majority of the reviews that have been done, and requests the Secretariat to organize a workshop in 2001 to exchange information among Annex I Parties on preparations for the third national communications.

#### **NON-ANNEX I COMMUNICATIONS**

On Monday, 12 June, SBI heard the first report of the Consultative Group of Experts (CGE) that was established to assist non-Annex I Parties improve their national communications. The Chair of the CGE, Dr. José Gonzalez Miguez (Brazil), said that the CGE had at its first meeting elected its officers, agreed on a schedule of meeting and activities, and prepared an indicative budget. The EU suggested that the findings of the CGE be presented by June 2001, to contribute to the review of guidelines so as to adopt improved guidelines for the second national communications at COP-7. The US urged the CGE to provide specific advice on the guidelines and report on it at SB-14. Brazil, with the Central African Republic and Kenya, said that it was premature to consider a review.

On Wednesday, 14 June, SBI adopted draft conclusions on the report of the first meeting of the Consultative Group on Experts (FCCC/SBI/2000/CRP.1), which, *inter alia*, urges the CGE to provide specific recommendations for the improvement of non-Annex I communications, for consideration by SB-14, so that a decision can be taken at COP-7. The SBI also adopted conclusions on the provision of financial and technical support (FCCC/SBI/2000/CRP.2), taking note of the activities undertaken by the Secretariat to facilitate the provision of financial and technical support and the activities of the GEF in providing financial and technical assistance for the preparation of initial national communications.



## FINANCIAL MECHANISM

**PROGRESS REPORT OF GEF ENABLING AND CAPACITY-BUILDING ACTIVITIES:** On Tuesday, 12 June, the SBI heard the GEF report on its enabling and capacity-building activities. Several Parties highlighted the importance of GEF support for the preparation of national communication from non-Annex I Parties and expressed appreciation for the GEF Capacity Development Initiative (CDI). Canada supported the comprehensive approach in assessing capacity development needs. The EU said it should, together with the national communications, provide the basis for a framework on capacity building. The G-77/China stressed the need to link this initiative with the process under decision 10/CP.5. The SBI then heard a report from the IPCC on the GEF proposal entitled, "Assessment of Impacts of, and Adaptation to, Climate Change in Multiple Regions and Sectors in Coordination with the IPCC," where the outstanding cooperation with UNEP and the GEF was stressed.

On Wednesday, 14 June, the SBI adopted draft conclusions, with minor amendments, on the progress report on the review by the GEF of its enabling and capacity-building activities (FCCC/SBI/2000/CRP.3). In these conclusions, SBI:

- notes with satisfaction the work done by GEF;
- recognizes that the findings on enabling activities may provide input to the negotiations on capacity building;
- invites the GEF Council to forward a report on the review of enabling activities at COP-6; and
- stresses that the capacity development initiative (CDI) process should be country-driven, take long-term perspectives on capacity-building needs and priorities and take into consideration the progress made in capacity-building negotiations under the FCCC.

### ADDITIONAL GUIDANCE TO THE GEF ON SUPPORT TO THE IPCC:

On additional guidance to the GEF on support to the IPCC, the EU said that whereas the Parties should send signals to the GEF that the IPCC project could benefit the process, it was not appropriate for the FCCC to prejudge the decision-making of the GEF Council. He proposed that the FCCC request the GEF Council to consider rather than approve the IPCC project. SBI adopted the amended draft conclusions (FCCC/SBI/2000/CRP.4), which

- note the importance to the IPCC project on "Assessment of Impacts of, and Adaptation to, Climate Change in Multiple Regions and Sectors in Co-ordination with the IPCC";
- look forward to the consideration of the project by the GEF Council; and
- request the IPCC in consultation with the GEF Secretariat to report on the further development of the project at SB-13 and 14.

### ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS

On Tuesday, 13 June, SBI considered arrangements for intergovernmental meetings. France expressed its hope that SB-13 in Lyon will provide the necessary momentum for success at COP-6. The Netherlands said progress must be made on all aspects of the BAPA at COP-6. Relaying a message from the incoming COP-6 President, he said the outcome of COP-6 must be environmentally credible and based on common but differentiated responsibilities. On the provisional agenda for COP-6, the US, the Russian Federation and Saudi Arabia said the proposed new sub-item on policies and measures should await SBSTA's consideration. Saudi Arabia urged full transparency and participation at COP-6, and Indonesia called for full participation of developing countries before and at COP-6. Morocco offered to host COP-7 in Marrakesh, and the SBI endorsed this proposal. On Friday,

16 June, SBI adopted its Report of the Session (FCCC/SBI/2000/L.1), containing conclusions that, *inter alia*: welcome the offers of France to host SB-13 and Morocco to host COP-7.

## ADMINISTRATIVE AND FINANCIAL MATTERS

**LATE PAYMENT ON CONTRIBUTIONS:** On Monday, 12 June, the FCCC Executive Secretary presented a document on late payment of contributions (FCCC/SBI/2000/2). He outlined the initiatives taken by FCCC Secretariat to collect contributions and suggested that Parties consider the response options presented in his report. An informal consultation, chaired by Mohamed Mahmoud Ould El Ghaouth (Mauritania), was convened on the topic. On Tuesday, 13 June, the informal group met to consider a draft decision on late payment of contributions to be transmitted to SB-13. Iran, with Germany, Belgium and Australia, highlighted the need for in-depth consideration of this issue. Iran opposed transmitting the text to SB-13. He said the cornerstone of the approach to late payment should be persuasion not punishment, and the matter should be addressed in the spirit of common but differentiated responsibilities. The Netherlands, with Canada, favored applying the same approach to all Parties, including an incentive scheme. He said the principle of common but differentiated responsibilities applied only in assessing the level of contribution. Chair El Ghaouth said he would consult with Iran to find language on a text to be forwarded to SB-13. On Friday, June 16, the SBI adopted draft conclusions (FCCC/SBI/2000/CRP.6), which, *inter alia*, transmit an initial draft decision for consideration at SB-13 with a view to recommending a draft decision for adoption at COP-6. The text of the initial draft decision states, *inter alia*, that from 1 January 2001, Parties with arrears of one year or more would be ineligible: for membership of the Bureau of the COP and its subsidiary bodies; to participate in the debates at sessions of the COP and its subsidiary bodies; and for invitation to intersessional workshops and other meetings.

### IMPLEMENTATION OF THE HEADQUARTERS AGREEMENT:

The SBI considered the Implementation of the Headquarters Agreement on Tuesday, 13 June. FCCC Executive Secretary Cutajar raised several issues with regard to the integration with the host country, namely entry visas, residence status and work permits for family members, and lack of office space. He called on Parties to engage actively in this discussion and promote a satisfactory outcome. Germany said time was needed for ideal solutions and it would do its utmost to improve the situation. The G-77/China and others expressed concern over this situation. Several delegations raised their difficulties in obtaining visas to attend meetings. Mexico, with Costa Rica, suggested a draft decision urging Germany to strengthen cooperation with the Secretariat, for consideration at COP-6.

On Friday, 16 June, the SBI adopted the draft report on this agenda item as well as draft conclusions (FCCC/SBI/2000/CRP.7) that, *inter alia*, invite the host government to renew its efforts to provide the Secretariat with sufficient and suitable interim accommodation at one site, and welcome the assurance of the host government that it would strengthen its efforts to develop better practices to address difficulties experienced by some delegates in obtaining visas and by the FCCC Secretariat with regard to visas, residence status and work permits for family members. Cutajar thanked the host government for its constructive response.

### CLOSING SBI PLENARY

In its final session on Friday, 16 June, the SBI adopted its draft report of the session (FCCC/SBI/2000/L.1). Chair Ashe thanked participants and closed the meeting at 12:30 pm.





## JOINT SBI/SBSTA SESSIONS

SBSTA Chair Dovland opened the joint SBI/SBSTA meeting on Monday, 12 June, and called on delegates to develop text on as many issues as possible in accordance with the BAPA. Nigeria, on behalf of the G-77/China, stressed the need to negotiate the issues as a package and said the outcome should be a balanced set of decisions. He called on Annex II Parties to commit specific financial resources for technology transfer and capacity building by COP-6.

### **IMPLEMENTATION OF FCCC ARTICLE 4.8 AND 4.9 AND MATTERS RELATING TO PROTOCOL ARTICLE 3.14 (ADVERSE EFFECTS)**

Delegates considered FCCC Articles 4.8 and 4.9 and Protocol Article 3.14 (adverse effects) in four informal meetings during the pre-session week, at a joint SBI/SBSTA meeting on Monday, 12 June, and in three subsequent sessions of SBSTA/SBI contact groups. The informal meetings and contact groups were co-chaired by Bo Kjellén (Sweden) and Mohamad Reza Salamat (Iran). Conclusions on adverse effects were approved at a joint SBI/SBSTA meeting on Friday, 16 June.

In the first informal meeting on Monday, 5 June, Co-Chair Salamat urged delegates to build on the conclusions of the technical workshops on adverse effects that were held in Bonn in March. The EU, with Switzerland, suggested that all three articles be discussed together, so as to reach a single decision. Saudi Arabia and the G-77/China highlighted the fact that FCCC Articles 4.8 and 4.9 and Protocol Article 3.14 were addressed separately under the BAPA, and called for two draft decisions. Co-Chair Salamat emphasized that the current draft decision will have three distinct parts without prejudice to SBSTA-12 discussions, and urged consideration of this procedural issue later in the negotiation process.

On initial actions, participants suggested, *inter alia*: building capacities to cope with climate-related disasters; integrating climate change issues into national and donor assistance strategies; developing a vulnerability index; and including a recommendation on insurance. On the assessment of the impacts of response measures, Saudi Arabia highlighted the need to, *inter alia*: ensure a comprehensive approach to policies and measures; remove market distortions in the energy sector; encourage the diversification of energy sources; and explicitly refer to compensation. Australia and the US said discussions should focus on minimizing adverse impacts rather than on compensation.

On Wednesday, 7 June, delegates discussed Protocol Article 3.14. On 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 CO<sub>2</sub> 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. Venezuela cautioned against attempts to shift commitments under Article 3.14 away from Annex I Parties. On actions to minimize the impacts of climate change, 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. Various developing countries highlighted the special needs of least developed countries.

On Thursday, 8 June, delegates considered a compilation of countries' preliminary written submissions on adverse effects, and delegates raised additional issues relating to the adverse effects of climate change and the impacts of response measures.

On Saturday, 10 June, Co-Chair Salamat summarized issues raised in submissions and called on delegates to identify additional issues and comment on the need for and nature of future meetings. Parties highlighted, *inter alia*: institutional and managerial capacity building; training for vulnerability assessments and response measures; providing for adaptation within national and sectoral strategies; and the identification and evaluation of adaptation options. Co-Chair Salamat indicated that a consolidated text based on the compilation of Parties' submissions and discussions would be prepared.

At a joint SBSTA/SBI meeting on Monday, 12 June, Chair Dovland reported on the recent workshops and informal meetings on adverse effects. The G-77/China reiterated their preference for two draft decisions, with the EU, Australia, Japan, the US and Switzerland expressing preference for a single decision. Australia, with Japan and others, said the consolidated text was not an appropriate basis for contact group discussion, and proposed revisiting the compilation of Parties' views.

In a contact group on Tuesday, 13 June, Co-Chair Salamat sought substantive comments on the consolidated text. Additional issues raised included: enhancing data and information gathering; improving systematic observation and monitoring; establishing regional disaster-response centers; and the role of compensation, funding and insurance schemes.

In a contact group on Wednesday, 14 June, Co-Chair Kjellén outlined a cluster of issues to be addressed in drafting text for negotiation at SBSTA-13. Saudi Arabia, opposed by the EU, urged that the consolidated text form the basis for negotiations. Additional issues raised included: the need for action-oriented workshops; investigating connections between climate change and extreme weather events; and improving preparedness to cope with such events. The EU said scientific uncertainty should not be a reason for inaction.

In a contact group on Thursday, 15 June, Co-Chair Salamat asked delegates to consider the process leading to COP-6, and noted that an informal consultation may be held 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 BAPA, 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 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, and distributed text for relevant SB-12 draft conclusions.

At the Joint SBI/SBSTA session on Friday, 16 June, delegates adopted draft conclusion on adverse effects (FCCC/SB/2000/CRP.2). SBI Chair Ashe noted that these matters were being considered together. The conclusions:

- recognize the value of the workshops held in Bonn in March;
- note progress made on addressing the implementation of FCCC Articles 4.8 and 4.9;
- note that discussion had commenced on Protocol Article 3.14; and
- invite the SB Chairs to develop a new text on the basis of the consolidated text and other inputs from Parties, as well as comments made during the discussions, to serve as the basis for negotiation at SBSTA-13.

### **COMPLIANCE**

Delegates considered procedures and mechanisms relating to a compliance system under the Protocol in informal meetings during the pre-session week, in joint SBI/SBSTA meetings on Monday and Friday, 12 and 16 June, and in the Joint Working Group on Compliance (JWG) from 13-15 June.



On Wednesday, 7 June, delegates to the informal meetings on compliance heard a brief report by Harald Dovland (Norway), Co-Chair of the JWG, on the compliance workshop held in Bonn from 1-3 March. Co-Chair Tuiloma Neroni Slade (Samoa) introduced the Co-Chairs' Elements of a Compliance System for the Kyoto Protocol, which was based on Parties' submissions and discussions during the workshop and informal consultations held in Montreux in February. He noted that this would serve as a basis for the week's discussions. Delegates discussed the Co-Chairs' Elements in informal meetings held on 7-9 June.

On Monday, 12 June, Co-Chair Slade reported to the Joint SBI/SBSTA on the workshop held from 1-3 March and the informal meetings preceding SB-12. He said that these, together with further submissions from Parties, had formed the basis for the elaboration of a Co-Chairs' Text to be considered by the JWG.

The JWG met on Tuesday and Wednesday, 13-14 June, to consider the Co-Chairs' text composed of a main section and three annexes containing procedural arrangements. A number of delegates supported the text as a basis for their work. The EU, US, Switzerland and Samoa said some elements in the annexes may need to be included in the main part of the text. The G-77/China said binding consequences would only apply to Annex I Parties. On the title of the text, the US favored a reference to "procedures and mechanisms related to compliance under the Kyoto Protocol," since there are other provisions in the Protocol dealing with compliance. The EU preferred "a compliance system for the Kyoto Protocol" in order to reflect a comprehensive approach to dealing with compliance.

On Objective, a number of delegates supported the inclusion of "enforcing" compliance. Saudi Arabia sought a reference to compliance with obligations contained in Protocol Articles 2 (P&Ms) and 3 (targets). Australia suggested the compliance system focus on both Articles 3.1 and 4.1 (joint fulfillment). The EU favored a general reference to the Party's "obligations under the Kyoto Protocol."

On Nature, Australia, the EU, the Russian Federation and the US preferred no express provision. On Principles, Australia, the Russian Federation, the US, Japan and New Zealand preferred not expressly providing for these in the text.

On Scope of Application, Canada, supported by the US, suggested specifying that the system would apply to all Protocol commitments/obligations "as provided in this decision," since the accompanying decision would specify variations in the treatment of Protocol provisions. China, supported by Saudi Arabia, sought listing the Annex I Parties' commitments to which the compliance system would apply, and said compliance with other commitments would be dealt with under the Multilateral Consultative Process. Argentina said the compliance system should cover both Annex I and non-Annex I obligations. Chile added that the special nature of non-Annex I obligations required that issues of compliance be dealt with through facilitation.

On the Establishment, Structure and Functions of the compliance system, the US and Australia, opposed by New Zealand and the EU, said the text should emphasize the two-branch structure of the compliance body. On Establishment, Canada, with the Russian Federation and Chile, said the facilitative branch would not adopt "decisions." China suggested specifying that compulsory measures would not apply to non-Annex I Parties. Delegates also made several specific suggestions on the mandate of the enforcement branch. The EU said any reference to Article 4 (joint fulfillment) should be bracketed.

On the Structure of the compliance body, the Russian Federation expressed doubts about having an elective compliance body, as this would not guarantee that his country would have a place on it, although

it represented a high share of the current level of emissions. Saudi Arabia, with Samoa, suggested that the election of members be based on "equal representation of the five UN regional groups." New Zealand sought greater representation of Annex I Parties given their more significant obligations.

On the Functions of the compliance body, the G-77/China, with Saudi Arabia and Samoa, opposed a screening function. The US stressed that mandatory outcomes would apply automatically.

On the Submission of Questions to the compliance body, Brazil suggested that "a body of representatives established by the COP/MOP" also be able to submit questions. China, Japan and Chile stressed the importance of Article 8 ERT reports, while Australia said these should be the only way for the process to be triggered. Saudi Arabia, opposed by New Zealand, supported a role for the COP/MOP. The US proposed that Parties be able to raise questions regarding another Party's implementation only with respect to the facilitative branch. The EU proposed that the Secretariat also be able to refer questions of compliance. On the Preliminary Examination of Questions, Saudi Arabia suggested that if multiple cases arise on the same type of issues the matter should be referred to the Subsidiary Bodies.

On Proceedings, several delegates stressed the importance of integrating elements of the annexes in the main text. On Decision-Making, Saudi Arabia said decisions would be adopted by consensus, and in case of failure, by a three-fourths majority vote. On Participation of Parties, the G-77/China said the Party concerned could comment on any information used by the compliance body as a basis for its deliberation. On Avoidance of Conflict of Interest, China proposed that the member of the compliance body who is a national of a Party involved in a matter should not take part in "the consideration of the matter." Canada added that this includes members having a direct or indirect interest in the matter. On Sources of Information, the G-77/China, with the Russian Federation, opposed by New Zealand, suggested distinguishing between mandatory and non-mandatory sources. The US, with New Zealand, suggested the possibility for NGOs to submit information. The Russian Federation, the US and AOSIS said the issue of confidentiality of information might conflict with the principle of transparency and needed further thought.

On the COP/MOP, Switzerland, with New Zealand, said it would only "take note" of the reports of the compliance body. On Outcomes and Consequences, Saudi Arabia, with China, said that every reference to "Party," with respect to eligibility requirements, should be prefaced by "Annex I." He added that any reference to Article 12 (CDM) should be bracketed since this mechanism does not fall under the scope of application of the compliance system. Brazil, Samoa and the EU suggested framing "financial penalty" as a separate option. New Zealand introduced an option permitting purchase at a penalty rate, *inter alia*, from future commitment periods. Australia suggested adding that if an Article 4 (joint fulfillment) Party becomes ineligible to use the mechanisms, all other members of the agreement would lose access to the mechanisms. On Other Provisions, the G-77/China suggested requesting the Secretariat to prepare possible options for the adoption of procedures and mechanisms related to compliance.

On Thursday, 15 June, the JWG considered and adopted with minor amendments the Report of the JWG on its work during SB-12. The report (FCCC/SB/2000/CRP.3/Rev.1) was considered and adopted by the joint SBI/SBSTA on Friday, 16 June. In its report, the JWG, *inter alia*, requests the Co-Chairs to further develop the text on compliance contained in the annex to serve as the basis for negotiation, along with inputs from Parties, at SB-13.



## MECHANISMS

Delegates discussed issues related to the Protocol mechanisms in workshops during the pre-session week, a Joint SBI/SBSTA session and in a contact group during SB-12 chaired by Kok Kee Chow (Malaysia). During the informal week delegates met in three workshops to discuss the Chair's Text for Further Negotiations on Mechanisms. A Draft Consolidated Text On Mechanisms was drafted based on Parties' inputs, and distributed on Friday, 10 June. During SB-12, delegates met three times to discuss the draft, indicate areas where their submissions had not been reflected, and add text where necessary. As a result of the deliberations, a consolidated text on principles, modalities, rules and guidelines was drafted and distributed on Friday, June 16 (Future FCCC/SB/2000/4).

**CLEAN DEVELOPMENT MECHANISM:** On Monday, 5 June, Chair Chow outlined the key features of the CDM, based on the Chair's Text for Further Negotiations on Mechanisms. He highlighted the: project cycle; institutions and their functions; accreditation of operational entities; and the CDM Reference Manual. Delegates discussed these key features on Monday, 5 June, and Thursday, 8 June. Samoa said the Reference Manual would ensure consistency in setting baselines. The EU asked who would develop the reference manual. Tanzania asked how the reference manual would consider the differing sustainable development priorities of different countries and ensure equitable distribution of projects. Canada and Norway emphasized that the verification and certification guidelines should provide for individual project circumstances. India underlined the role of the host country in determining project eligibility. China stressed the need for both host and investor-Party responsibilities to be clearly expressed.

Bolivia, Colombia, the US, Iran, Honduras, Chile and Norway supported the inclusion of sinks projects in the CDM. IRAN said that in light of the FCCC's comprehensive approach, the CDM should cover all six gases, and all sources and sinks. The EU and Switzerland opposed sinks projects in the CDM, as it raised questions of methodological uncertainty, non-permanence and leakage. The Sudan and Senegal said it was premature to decide on the inclusion of sinks, as the IPCC Special Report on LULUCF had just been released.

AOSIS, with Colombia, said Protocol Article 6 (Joint Implementation) and 12 (CDM) should be given equal treatment in the context of share of proceeds for adaptation, as this would ensure real additional funds for adaptation, sufficient funds for administrative costs, and no additional transaction costs for the CDM. Norway and the EU opposed a provision on share of proceeds in Articles 6 and 17 (Emissions Trading). Bolivia called for an analysis to determine if project-by-project or regional/sectoral baselines would be appropriate. India supported project-by-project baselines. Switzerland, the US and Norway underscored the need for stakeholder participation and transparency in the CDM. Saudi Arabia and AOSIS opposed nuclear projects under CDM.

On Monday, 12 June, in a Joint SBI/SBSTA session, Colombia said the CDM should ensure sufficient additionality, provide for equal treatment between the three mechanisms, and recognize the unilateral model for the formulation of projects.

On Thursday, 15 June, in discussing the Draft Consolidated Text On Mechanisms, 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.

**EMISSIONS TRADING:** On Tuesday, 6 June, Chair Chow outlined the key features of emissions trading, based on the Chair's Text for Further Negotiations on Mechanisms. On participation, one option listed was to require the Party's prior compliance with its obligations, such as compliance with Articles 5 (national systems) and 7 (communication of information) and maintenance of national registries, while another option was to suspend participation if the Party was not complying with these obligations. On liability, options presented included seller liability, shared liability, buyer liability, trigger, compliance reserve and post-verification proposals. Switzerland, opposed by Canada, proposed an annual post-verification trading system, wherein emissions trading would be limited to Assigned Amount Units (AAUs) surplus to the Party's allocation plan. With New Zealand and the US, Canada supported a seller regime complemented by an effective compliance system. The US highlighted the need to maintain similar approaches on Articles 4 (joint fulfillment of commitments) and 17 (emissions trading), since both permit Parties to fulfill obligations collectively, and pointed out that Article 4 refers to transferor liability. AOSIS highlighted the need for environmental integrity of emissions trading systems, and sought elaboration on the idea of a compliance reserve. Colombia stressed the need for a suitable system for the measurement of emissions from point and mobile sources. India stressed the need to first determine the character, nature and volume of the transferable. He said the CDM could be marginalized by emissions trading because of its sustainable development requirements.

On Thursday, 15 June, in discussions on the Draft Consolidated Text On Mechanisms, delegates differed on the need for, *inter alia*: the usage of the Protocol-consistent term "Part of an Assigned Amount" instead of "AAUs"; legal entities to participate in the CDM; a share of proceeds from emissions trading to fund adaptation; and limits on transfers.

**JOINT IMPLEMENTATION:** On Tuesday, 6 June, Chair Chow outlined the key features of JI, based on the Chair's Text for Further Negotiations on Mechanisms. Options for regulatory intensity of Article 6 (JI) include: extending to JI projects CDM rules for project validation/registration, monitoring/issuance, certification of emissions reduction units (ERUs); and imposing minimal reporting requirements and optional verification by the host Party. He sought delegates' views on subjecting JI projects to CDM-type requirements. Delegates discussed the issue on Tuesday and Thursday, 6 and 8 June. Noting the different objectives of CDM and JI, Japan and Poland argued against additional requirements on JI. New Zealand, with the US, argued that a JI project should be subject to CDM-type scrutiny only where a Party does not comply with Articles 5 and 7, and where non-compliance with both articles impacts the project. The EU supported a CDM-type project cycle to ensure environmental credibility at the project level. Nigeria expressed concern that different transaction costs would reduce CDM take-up and, with India, China, Bolivia and South Africa, proposed similar requirements for JI. South Africa argued that JI's limitation to Annex I Parties does not justify less onerous requirements. The EU and Switzerland said their submissions on baselines for CDM applied to JI. South Africa said its submission on monitoring, reporting and verification for CDM also applied to JI.

On Monday, 12 June, in a Joint SBI/SBSTA session, Romania, speaking on behalf of the Group of Eastern European Countries, and supported by the US, said JI and the CDM have distinct roles and should not be treated in the same way. AUSTRALIA cautioned against loading JI and CDM with transactions costs.



On Wednesday, 14 June, in discussing the Draft Consolidated Text on Mechanisms, participants differed on the need for, *inter alia*, the Executive Board, sinks in JI, share of proceeds and the Appendix on supplementarity.

**NGO AND BUSINESS PERSPECTIVES:** On Tuesday, 6 June, in an informal session on business and NGO perspectives on the mechanisms, representatives from the business community, including the International Chamber of Commerce and the International Climate Change Partnership, recommended COP-6, *inter alia*: agree to clear definitions on fungibility and tradeability; eschew quantitative restrictions in the mechanisms; provide clarity on the proposed institutional controls for CDM; create a strong and fair compliance system; and approve mechanisms for fast-track CDM crediting. The Climate Action Network (CAN), representing the NGOs, said Annex I Parties' participation in the mechanisms should hinge on their ability to monitor and report emissions to a given standard and track changes to AAUs. On the CDM, CAN said it must: encourage the development of markets for clean energy technologies in the South; support local, regional and national development priorities; have minimum overall environmental impacts; and not undermine Annex I domestic action.

**CONCLUSIONS ON MECHANISMS:** On Friday, 16 June, the SBI/SBSTA adopted draft conclusions by the Chair (FCCC/SB/2000/CRP.4) forwarding the "consolidated text on principles, modalities, rules and guidelines," to SB-13 as a basis for further negotiations on the Protocol mechanisms, with a view to a decision at COP-6.

### CAPACITY BUILDING

**ECONOMIES IN TRANSITION (EIT):** Three informal consultations on capacity building in countries with economies in transition were conducted between Thursday, 8 June, and Thursday, 15 June, to elaborate the elements of a draft framework for capacity building. A number of issues were raised, including the need to: integrate capacity building into national planning processes; develop institutional capacity on inventories and on Protocol Articles 5 and 7; expand capacity building to other stakeholders; maximize the use of regional institutions; and mobilize political support. The US underlined the fact that EITs have commitments to reduce emissions, and suggested using the Protocol mechanisms to support capacity building.

Based on Parties' inputs, SBI Chair Ashe prepared a text summarizing the possible elements for a draft framework on capacity building in EITs.

On Tuesday, 13 June, the EITs submitted amendments to the section on principles. Discussions highlighted, *inter alia*, the principle that all needs are addressed in a coordinated manner, and the EITs' immediate needs.

On Thursday, 15 June, delegates considered amendments to the Chair's text submitted by Poland and the Russian Federation. A common EIT position paper was not possible due to limited time. The Polish submission on implementation of capacity building includes calls to, *inter alia*: develop action plans to reflect national needs and priorities; invite the GEF, through a COP decision, to consider the needs of EITs in the capacity development initiative (CDI); and organize 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.

Chair Ashe invited delegates to submit views by 30 June, to allow the Secretariat to compile elements for a draft framework on capacity building in EITs by SB-13.

**NON-ANNEX I COUNTRIES:** On Friday, 9 June, delegates considered capacity building in non-Annex I countries and heard presentations by the GEF on the CDI.

Avani Vaish, GEF, said the CDI is an 18-month effort by GEF and UNDP in three phases: an assessment of country-level capacity needs; preparation of a comprehensive study to meet those needs; and development of an action plan. John Hoff, UNDP, defined capacity development as the ability of individuals and institutions to set and realize goals, and said it is influenced by the broader context of the institutions, and policy and regulatory frameworks. Delegates heard brief reports by regional experts on the CDI regional needs assessments. Issues raised included: lack of financial resources; inefficient management of human resources and information; inability to retain human capacity; and a low level of economic, managerial and communication skills.

On possible elements for a draft framework for capacity building, several delegates reiterated the need for capacity building to be country-driven. The G-77/China stressed that capacity building be a continuous, integrative and comprehensive process implemented within a specific time-frame and based on country priorities. The US stressed the need to work on in-country capacities, build strong partnerships with local stakeholders and incorporate capacity building into national strategies. On the role of institutions, several delegates called for clear guidance to the GEF to ensure adequate funding for capacity building initiatives. The G-77/China said national communications should be the main source of information to monitor the effectiveness of capacity building.

On Wednesday, 14 June, delegates held informal consultations on the Chair's text on capacity building in developing countries and heard submissions by the G-77/China, the US, EU and Canada. Delegates highlighted, *inter alia*: subregional or regional approaches; the need to consider past and ongoing activities; and the need for a non-operational role yet a facilitative role for the FCCC Secretariat. The G-77/China proposed addressing "financing" and "implementation" as separate sections. Uganda said funding for capacity building should be additional to ODA.

On Thursday, 15 June, delegates considered the revised Chair's text. The G-77/China proposed additional amendments that stressed 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 the World Bank, to ensure that access to resources is transparent with clear and less cumbersome procedures. He also urged moving forward toward concrete actions. 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. 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. SBI Chair Ashe invited delegates to submit their views by 30 June, to allow the FCCC Secretariat to compile the draft elements for a draft framework on capacity building in developing countries by SB-13.

### SOLIDARITY WITH SOUTHERN AFRICAN COUNTRIES, PARTICULARLY WITH MOZAMBIQUE

At the joint SBI/SBSTA meeting on Friday, 16 June, SBI Chair Ashe introduced a document containing a recommendation of the subsidiary bodies for a draft resolution to be adopted at COP-6 that expresses solidarity with southern African countries, particularly Mozambique, following the devastation caused by Cyclone Eline. The draft resolution was adopted without amendment. Mozambique thanked delegates for their expression of support.

The draft resolution expresses solidarity with the people and governments of southern Africa, in particular Mozambique; invites the international community to lend immediate assistance; and urges all



governments, UN agencies, intergovernmental organizations, NGOs, the private sector and the wider community to continue to seek permanent solutions to climate change, including bringing the Protocol into force as soon as possible. The text also invites support for reconstruction efforts in Mozambique and other southern African States and urges Parties to increase technical and financial assistance to the countries affected.

### **CLOSING SBI/SBSTA PLENARY**

At the final joint SBI/SBSTA meeting on Friday, 16 June, SBI Chair Ashe drew delegates' attention to the work programme for the intersessional period leading to COP-6. He underlined that these workshops will not form part of negotiations, but are designed to facilitate an exchange of views on various issues. He then listed the following upcoming events:

- informal consultations on mechanisms (6-8 July, in Kuala Lumpur, Malaysia);
- a workshop on LULUCF (10-15 July, in Poznan, Poland);
- consultations on compliance (18-20 July, in Reykjavik, Iceland);
- consultations on technology transfer (2-4 August, in Colorado, USA);
- an African regional workshop on non-Annex I communications (14-18 August, in South Africa); and,
- informal consultations on adverse effects (23-25 August, tentatively planned for Bonn, Germany).

He noted that further consultations on LULUCF and compliance, as well as an Asian regional meeting on non-Annex I communications, were possible following SB-13. He also announced that funding would be provided for a second delegate from each least developed country Party and small island State Party to attend upcoming sessions.

In the ensuing discussion, several delegates applauded the move to finance an additional delegate for these Parties. Many delegates expressed their appreciation for the work of the Chairs of the subsidiary bodies and contact groups, the Secretariat and its Executive Secretary, the interpreters and all those who participated at SB-12. A number of Parties stressed the importance of transparency leading to COP-6.

The G-77/China expressed satisfaction at the positive contribution of SB-12 and the preceding informal meetings in moving toward achieving the goals set out under the BAPA. He said the texts developed at SB-12 would serve as a good basis for negotiations at SB-13. However, he noted that delegates had yet to enter into the actual negotiating phase on the key issues, and stressed that the goals for COP-6 would be achieved only if the significant interests of all Parties were reflected. Saudi Arabia noted the progress made during the last two weeks. He applauded the German Government's agreement with its nuclear industry to phase-out nuclear energy, and encouraged all Annex I Parties to follow suit.

The African Group called for concrete actions to emerge from this process. Uruguay noted the complexity of this process, but was encouraged by progress at SB-12. He said sinks should be included within the CDM. Costa Rica called for a focus on the issues of sinks and mechanisms and noted that it had prepared a paper on this issue in cooperation with a group of 14 Latin American countries. India cautioned against fragmenting the process unnecessarily and dividing into too many sub-bodies and processes. The US noted progress on technical matters, but said there was still considerable work remaining on core issues such as compliance, the mechanisms, technology transfer, capacity building, adverse effects, and sinks. The EU said hard work was required before COP-6, but that the foundations had been laid at SB-12. Chair Ashe thanked participants for their contribution to progress, and closed the meeting at 11:50 am.

## **A BRIEF ANALYSIS OF SB-12**

### **“ARE WE CONCERNED WITH WINNING, OR ARE WE JUST DRIBBLING ABOUT?”**

Expressing frustration at the lack of progress during one of SB-12's contact groups, a Nigerian delegate posed the question: “Are we concerned with winning, or are we just dribbling about?” Perhaps the fact that the EURO 2000 soccer competition had just commenced was foremost in his mind. However, his query also reflects SB-12's actual role, which was to help prepare for the ultimate goal of a meaningful and decisive negotiation at COP-6 rather than bring the negotiations to any successful outcome or conclusion at this point. At the close of SB-12, delegates expressed a general sense of satisfaction that they had reached their limited, although essential, objective. By developing negotiating text on key issues for consideration at SB-13, the two weeks of informal and formal meetings paved the way for the critical stage of negotiations that is yet to come.

The informal pre-session meetings – a procedural novelty – allowed for SB-12 to kick-off its sessions following a valuable capacity- and confidence-building exercise that set the scene for constructive and positive discussions. As a result, in the formal sessions, there were some significant procedural advances. In particular negotiating texts were elaborated on compliance, mechanisms and adverse effects, signifying the advent of the next phase of the process toward adopting decisions at COP-6. Only one concrete agreement was reached in SBSTA – on guidelines for national systems under Article 5.1 – and although this may appear insignificant to some, it is an important step toward laying the foundations for credible accounting systems that will support monitoring of compliance and the use of mechanisms.

This brief analysis will assess the progress made on each key issue under negotiation under the Buenos Aires Plan of Action (BAPA).

### **BLOWING THE WHISTLE ON INFRINGEMENTS – SETTING THE RULES ON COMPLIANCE**

Like many elements of the BAPA, the negotiations over the establishment of a compliance system find their roots in the process leading to COP-3 in Kyoto, where the adoption of Article 18 (non-compliance) provided the legal basis for the current work of the JWG. Although negotiations have moved ahead since COP-3, some elements of Article 18 are still the object of diverging views. For instance, the requirement that any legally binding consequences shall be adopted by means of an amendment to the Protocol will have an impact on the formal steps needed for the adoption of the compliance system. However, the bulk of current discussions cover rather complex “post-Kyoto” issues. With the help of several constructive meetings, the JWG has progressed on several issues, *inter alia*, the need: to establish a compliance body; for both facilitative and enforcement approaches to address non-compliance; for an expedited procedure to deal with eligibility requirements to mechanisms; and for the possibility of an appeal for outcomes of a mandatory nature. The JWG is therefore now in a good position to continue its work in accordance with the schedule set out in the BAPA.

Stumbling blocks are still numerous and cover complex political and legal issues. These include: whether the compliance system applies to all Parties or only Annex I Parties; the relationship between the facilitative and enforcement approaches to non-compliance; whether the system will be given “teeth” in terms of mandatory outcomes; and whether the compliance body will be composed of a greater number of Annex I Parties.

The number of difficult issues currently on the table leaves scope for several package-deals within the JWG between the EU, the G-77/China and other delegations. These include Article 4 (joint fulfillment), mandatory outcomes such as financial penalties or loss of



access to mechanisms, composition of the compliance body and scope of application of the compliance system. Next to this, several linkages with the work undertaken in other groups, namely Articles 5, 7 and 8 and mechanisms, and the possibility of give-and-take outside any predictable framework, for purely strategic reasons, leave scope for further package deals.

### **TACKLING THE MECHANISMS...**

Similarly in the debate on mechanisms, an agreement on text from which negotiations will proceed signified a useful, businesslike approach. Controversy still remains, especially with regard to the possible inclusion of sinks-related projects in the CDM, an issue that became more visible with the release of the new IPCC Special Report on Land Use, Land-Use Change and Forestry. Most Latin American countries favor the inclusion of sinks-related projects in the CDM. In fact, some countries already have AIJ projects on sinks that they would like to see converted to CDM projects in order to acquire Certified Emission Reductions. The EU and some developing countries oppose the inclusion of sinks in the CDM, citing the huge uncertainties in sinks projects, the difficulty in ensuring permanence, and the tremendous potential for leakage.

The IPCC report does not provide answers to these concerns, but does provide a scientific basis for further work. This will be a key issue to watch at COP-6, given the deep differences between the EU and the US, and between the Latin American countries and AOSIS. To date, most African countries, India and China appear to be non-committal, and are observing how the issue unfolds before deciding on their game plans.

### **....TRYING TO TACKLE LULUCF**

Some delegates who participated in the debate on LULUCF expressed concern at the pressure to hasten the negotiations. Although this was expected, since some Parties tied progress on sinks and a decision at COP-6 to ratification of the Protocol, many were uneasy about the implications of a rushed decision on the credibility of the Protocol.

As a result, while many non-Annex I Parties were playing for time regarding consideration of the IPCC Special Report and workshops with a capacity building function, other Parties tabled concrete work plans for rapid progress towards decisions at COP-6. By the end of the session, Parties had barely begun to identify positions regarding definitions/accounting scenarios and additional human induced activities. These positions will become more apparent during the upcoming workshop in Poland as well as in the 1 August submissions, both of which will set the stage for Lyon and pose a key test for the environmental integrity of the Kyoto Protocol.

### **INSTANT REPLAY ON ADVERSE EFFECTS?**

At first sight, the casual observers could be forgiven for thinking they were watching a repeat performance of tactics witnessed last year. During the pre-session week, OPEC countries reiterated their earlier call for "equal progress on all issues," while some Annex I Parties appeared cautious and on the defensive, particularly on the issue of the impacts of their response measures to combat climate change. The continuing insistence by Saudi Arabia and other oil-producing countries for "compensation" to offset the effects of policies and measures to cut fossil fuel consumption in developed countries remained a sore point. The stark reality that some Parties are willing to scuttle the entire process at COP-6 if this issue is not taken seriously enough was brought to the fore during the informal sessions, and also raised tensions during some meetings.

However, on closer inspection, many participants seem to think progress has been made. In achieving agreement on text that will form the basis of negotiations at SB-13, the contact group Co-Chairs charted a difficult line between the positions taken by the G-77/China, the EU and the Umbrella Group, an informal alliance of like-minded developed countries, including Australia, Canada, Japan and the US. However, with arguments about how quickly this process should advance and what the substantive outcomes should be, the real test will come when line-by-line negotiations begin.

### **PLAYING FOR EXTRA TIME ON TECHNOLOGY TRANSFER**

Even though the Friends of the Chair group on technology development and transfer appeared to register progress in its discussions, many delegates who have followed this discussion since 1992 were clearly frustrated. They felt that despite calls to proceed to actions and to identify how to proceed with the technology issue under the Convention, there was a clear reluctance by many Annex I Parties to act. There seemed to be a marked preference for stalling until the Protocol mechanisms are operational. It is apparent that conclusive decisions on how technology transfer could be carried out under the FCCC remains out of reach, and the same issues will be revisited in Lyon and beyond.

### **HOW PARTIES PERFORMED**

Overall, some interesting trends in the performance of the regional groups were noted at SB-12. Many observers felt that the EU team appeared less articulate in its positions on some of the issues in the process, notably when its attempt to develop text for a draft decision on policies and measures at COP-6 was kicked out of play. Some observers attributed this to the fact that the EU has yet to finalize tactics and positions on key issues that are still to be resolved at the upcoming EU Ministerial Council meeting.

Some observers also found the US to be less vocal at this meeting, even though there was no change in its overall interest in maximizing the use of the mechanisms in implementing its commitments. A probable reason for this is the upcoming presidential election, which requires downplaying the issues on the domestic front given that the Clinton administration is operating under the gaze of its Republican rivals. On the other hand, some feel that the difference on climate change policies between the election contenders is not significant enough to have an impact on the US position.

However, this should not deflect attention from their interests as well as their behind-the-scenes bilateral discussions with developing countries, such as Argentina, China, Colombia and India, with respect to climate change politics. The litmus test, however, will be to see whether the US negotiates at SB-13 or defers actual negotiations to the post-election period at The Hague.

The G-77/China demonstrated proactive participation. Doubts that had been expressed earlier over Nigeria's chairmanship of the G-77/China, given its membership in OPEC, fell away as the group's issue coordinators appeared to have sufficient flexibility to develop and represent the broader G-77/China perspectives, such as in LULUCF.

### **THE ROAD TO THE "WORLD COP"**

All in all, the constructive atmosphere of SB-12 seemed to be primarily due to a business-like approach among participants that took into account the need to move forward, if the prize of achieving the BAPA is to be attained at COP-6. However fraught with difficulties the next few months might be, the SB-12 sessions have been effective in achieving a better grasp of highly technical issues, clarifying positions and interests, identifying the points where progress will be difficult and setting the expectations at a realistic level for COP-6 and beyond.



## THINGS TO LOOK FOR BEFORE COP-6

### THE KYOTO PROTOCOL: THE END OF THE BEGINNING?

This meeting will be held from 19-20 June 2000, in London, UK. It is being organized by the Royal Institute of International Affairs (RIIA). For more information, contact: Georgina Wright, RIIA, Chatham House, 10 St James's Square, London SW1Y 4LE; tel: +44-20-7957-5700; fax: +44-20-7321-2045; e-mail: info@riia.org; Internet: <http://www.riia.org>

### INTERNATIONAL CONFERENCE ON CLIMATE CHANGE COMMUNICATION

This conference will be held from 22-24 June 2000, in Kitchener-Waterloo, Canada. It will be hosted by Environment Canada and the University of Waterloo. For more information, contact: Jean Andrey, Department of Geography, University of Waterloo; tel: +1-519-888-4567 x3629; e-mail: jandrey@fes.uwaterloo.ca; or contact Daniel Scott, Adaptation and Impacts Research Group, Environment Canada; tel: +1-519-888-4567 x5497; e-mail: dj2scott@fes.uwaterloo.ca; Internet: <http://geognt.uwaterloo.ca/c3confer/>

**WORLD RENEWABLE ENERGIES CONGRESS:** This meeting will be held from 1-7 July 2000, in Brighton, UK. Hosted by the World Renewable Energy Network, it is being co-sponsored by several organizations, including UNESCO, UNDP and the European Economic Commission. For more information, contact: A. Sayigh, 147 Hilmanton, Lower Earley, Reading RG6 4HN, UK; tel: +44-1189-611-364, fax: +44-1189-611-365; Internet: <http://www.wrenuk.co.uk/brighton/topics.html>

**FCCC CONSULTATIONS AND WORKSHOPS:** A number of workshops and consultations were announced at SB-12 to assist the process leading to SB-13, including:

- informal consultations on mechanisms from 6-8 July, in Kuala Lumpur, Malaysia;
- a workshop on LULUCF from 10-15 July, in Poznan, Poland;
- consultations on compliance from 18-20 July, in Reykjavik, Iceland;
- consultations on technology transfer from 2-4 August, in Colorado, USA;
- an African regional workshop on non-Annex I communications from 14-18 August, in South Africa; and,
- informal consultations on adverse effects from 23-25 August, tentatively planned for Bonn, Germany.

For more information, contact: the UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: [secretariat@unfccc.de](mailto:secretariat@unfccc.de); Internet: <http://www.unfccc.int>

**NATIONAL POLICY ASSOCIATION BREAKFAST SEMINARS ON GLOBAL WARMING:** The US National Policy Association is holding a series of breakfast seminars during 2000, in Washington DC, US. For more information, contact: Kaylin Bailey, National Policy Association; tel: +1-202-884-7628; e-mail: [kbailey@npa1.org](mailto:kbailey@npa1.org).

**INTERNATIONAL CONFERENCE ON CLIMATE AND HEALTH IN SMALL ISLAND STATES:** This conference will be held from 24-25 July 2000, in Nadi, Fiji, and is being organized by the

Interagency Network on Climate and Human Health, the WHO, UNEP and WMO. For more information, contact: H. Ogawa, WHO, Regional Office for the Western Pacific; fax: +632-521-1036 or 526-0279; e-mail: [ogawah@who.org.ph](mailto:ogawah@who.org.ph); or C. Corvalán, Department of Protection of the Human Environment, WHO, CH-1211, Geneva 27; tel: +41-22-791 4208; e-mail: [corvalanc@who.int](mailto:corvalanc@who.int); Internet: [http://www.who.int/peh/climate/climate\\_and\\_health.htm](http://www.who.int/peh/climate/climate_and_health.htm)

**CONGRESS OF THE 29TH INTERNATIONAL GEOGRAPHICAL UNION COMMISSION ON CLIMATOLOGY:** This conference will take place from 9-13 August 2000, in Seoul, South Korea. The theme of the conference is "Climate Change and its Impacts." For more information, contact: Hyoun-Young Lee, Department of Geography, Konkuk University, 93-1, Mojin-dong, Kwangjin-gu, Seoul, 143-701, South Korea; tel: +822-446-6756; fax: +822-446-8194; e-mail: [leekwons@kkucc.konkuk.ac.kr](mailto:leekwons@kkucc.konkuk.ac.kr).

**FIFTH INTERNATIONAL CONFERENCE ON GREENHOUSE GAS CONTROL TECHNOLOGIES (GHGT-5):** This conference will take place from 13-16 August 2000, in Cairns, Australia. For more information, contact: Colin Paulson, CSIRO Energy Technology, PO Box 136, North Ryde, NSW 1670, Australia; tel: +61-2-9490-8790; Internet: <http://www.ieagreen.org.uk>

**13TH SESSION OF THE FCCC SUBSIDIARY BODIES: SB-13** will be held from 11-15 September 2000, in Lyon, France, and will be preceded by one week of informal meetings, including workshops. For more information, contact: the FCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: [secretariat@unfccc.de](mailto:secretariat@unfccc.de); Internet: <http://www.unfccc.int>

**UN ECE COMMITTEE ON SUSTAINABLE ENERGY:** The *Ad Hoc* Group of Experts on Coal and Thermal Power will meet on 25 September 2000. This meeting will be followed directly by the Meeting of the Committee on Sustainable Energy, which will meet from 26-28 September. Finally, the *Ad Hoc* Group of Experts on Extension of European Electricity Interconnection will meet on 29 September. All meetings will take place in Geneva, and will be convened by the UN Economic Commission for Europe. For more information, contact: Information Unit, UNECE, Palais des Nations, Room 356, CH - 1211 Geneva 10, Switzerland; tel: +41-22-917-4444; fax: +41-22-917-0505; e-mail: [info.ece@unece.org](mailto:info.ece@unece.org); Internet: <http://www.unece.org/meetings/meetgen.htm>

**EARTH TECHNOLOGIES FORUM:** This meeting, organized by the Alliance for Responsible Atmospheric Policy, will be held in Washington DC, USA, from 30 October – 1 November 2000. For more information, contact: Alliance for Responsible Atmospheric Policy; tel: +1-703-243-0344; e-mail: [alliance98@aol.com](mailto:alliance98@aol.com); Internet: <http://www.earthforum.com/>

**SIXTH CONFERENCE OF THE PARTIES TO THE FRAMEWORK CONVENTION ON CLIMATE CHANGE: COP-6** will be held in The Hague, the Netherlands, from 13-24 November 2000. For more information, contact: the FCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: [secretariat@unfccc.de](mailto:secretariat@unfccc.de); Internet: <http://cop6.unfccc.int/>