



## HIGHLIGHTS FROM FCCC SB-13 INFORMAL MEETINGS WEDNESDAY, 6 SEPTEMBER 2000

Delegates to the informal meetings preceding SB-13 met to consider: land use, land-use change and forestry (LULUCF); FCCC Article 4.8 and 4.9 and Protocol Article 3.14 (adverse effects); compliance; capacity building; the mechanisms; technology transfer; and guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information).

### INFORMAL MEETINGS

**LULUCF:** The group resumed discussions on the consolidated synthesis of Party submissions on LULUCF. Regarding which additional activities should be included under Protocol Article 3.4, JAPAN and the RUSSIAN FEDERATION said activities should be defined broadly and based on national circumstances. JAPAN, supported by AUSTRALIA, and opposed by TUVALU, said Article 3.4 should be applied from the first commitment period. The EU supported a phased-in approach. CANADA and AUSTRALIA noted inclusion of revegetation on degraded lands as a point of convergence.

On accounting for additional activities under Article 3.4, AUSTRALIA supported a comprehensive accounting system including non-CO<sub>2</sub> greenhouse gases. Regarding overall accounting approaches, TUVALU supported accounting for social and cultural implications, and consistency with the ecosystem approach under the Convention on Biological Diversity and with the principles of sustainable development. AUSTRALIA opposed including textual reference to sustainable development specifically for LULUCF.

On accounting interlinkages and Protocol Article 3.7 (calculating assigned amounts in the first commitment period), the EU and the UK highlighted the potential problem of double-counting and the need for consistency. Regarding accounting for human-induced and natural changes in carbon stocks, SWITZERLAND supported a political rather than technical decision to distinguish human-induced and natural changes.

Co-Chair Thorgeirsson then introduced the compilation text of country-specific data and information submitted by Parties, and the document on implications of accounting frameworks on preliminary assigned amounts during the first commitment period. The EU and TUVALU highlighted the incompleteness of existing data, and delegates discussed specific data submissions.

**COMPLIANCE:** Parties resumed discussions on the respective mandates of the facilitation and enforcement branches of the compliance body. The G-77/CHINA expressed preference for, *inter alia*: delineating mandates clearly; implementing the principle of comprehensiveness; limiting the enforcement branch's

mandate to Annex I Parties; and ensuring that the enforcement branch only address issues following specific requests. The EU, opposed by CHINA and SAUDI ARABIA, preferred the branches to have different expertise corresponding to their functions. AUSTRALIA, the US and NEW ZEALAND supported legal expertise for the enforcement branch, but with access to technical expertise when required. The US suggested that the enforcement branch's mandate include, *inter alia*: determining non-compliance with Protocol Article 3.1 (commitments); determining failure to meet eligibility requirements for mechanisms; and applying outcomes that have been agreed in advance, with discretion regarding submission of issues to the facilitation branch. CHINA, with SAMOA, BRAZIL, CHILE and VENEZUELA, and opposed by AUSTRALIA, CANADA, JAPAN, the US and NEW ZEALAND, argued that the mandate of the enforcement body should include Protocol Articles 2.3 and 3.14 (adverse effects). The UK clarified that there were two types of obligations, namely obligations of conduct and obligations of result. While results could be measured, conduct could not, and therefore only obligations of results should be subject to the enforcement branch.

**CAPACITY BUILDING: CDI Presentation:** Avani Vaish, GEF, presented an overview of the Capacity Development Initiative (CDI). He said the first phase of the CDI consisted of generic assessment of country-level capacity needs conducted at the regional level. The next phase would be the development of a strategy and multi-year action plan. He said the CDI is neither meant to launch projects nor form the basis for a general global programme. John Hough, UNDP, said the second phase will be a consultative process based on, *inter alia*, guidance from the COP, assessment reports and consultations in a second round of regional meetings. Participants then heard presentations of the key findings from the CDI regional assessments outlining issues, priorities, problems and needs.

In the ensuing discussion, the G-77/CHINA questioned the value of the CDI as a separate initiative, noting that much of what had been raised through this process had been previously elaborated in COP decisions. In response, Avani Vaish said the CDI aimed to produce a systematic and comprehensive approach to better implement COP decisions. The AFRICA GROUP recommended reformulating the Africa regional report to reflect COP decision 10/CP.5 (capacity building). The COOK ISLANDS, for AOSIS, stressed that the special needs of Small Island Developing States (SIDS) should be reflected in the synthesis report.

The G-77/CHINA requested the GEF to present a full report on the CDI at COP-6, and asked if it was funded from the budget allocated for climate change activities. GRENADA stressed the need for an immediate response to the identified needs.



**Economies in transition:** SBI Chair Ashe invited comments on text outlining elements of a draft framework for capacity building in countries with economies in transition (EITs). Several Parties said the document would serve as a useful text for further discussion. SLOVENIA stressed that EITs' capacity and institutions needed strengthening to enable fulfillment of commitments.

On guiding principles and approaches, CANADA suggested removing a specific reference to the GEF, noting that it was covered under a reference to "multilateral and bilateral funding agencies."

On objectives and scope of capacity building, CANADA and the US questioned reference to supporting new institutions. HUNGARY proposed new "institutional capacity." The US, with HUNGARY, suggested that capacity building focus on implementation of the FCCC and Protocol, rather than sustainable development. She sought clarity on references to timeframes and benchmarks, and, with the EU, queried whether support for technologies constituted capacity building.

On implementation, the EU, with NORWAY and the US, emphasized the need for EITs to provide an enabling environment. The US, with HUNGARY, emphasized the need for coordination between EITs and donor agencies. CANADA and the US questioned reference to the "prompt implementation" of the framework. Revised text will be considered on Friday.

**MECHANISMS:** The FCCC Secretariat presented eight liability options for emissions trading, namely originating party liability, shared liability, acquiring party liability, trigger, compliance reserve, commitment period reserve, units in surplus to plan, and surplus units. He divided the options into two groups: those following determination of non-compliance and those seeking to prevent non-compliance due to over-selling. The US, NEW ZEALAND, CANADA and AUSTRALIA stressed the role of the private sector and the advantages of issuer liability. SWITZERLAND highlighted concerns with the problem of overselling, cautioned against relying solely on seller liability, and re-emphasized his support for units in surplus to plan. The EU presented an option representing a mix of shared and acquiring party liability. He noted a preference for the last-in-first-out system, arguing that it reduces the domino effect and introduces a level of certainty in the system. The G-77/CHINA supported surplus units, and emphasized the importance of nature and scope, supplementarity, and the precautionary approach. SAMOA said the emphasis should be on the preventative options in the text. NEW ZEALAND urged an integrated domestic and international trading system, while SAMOA noted that such a system was not mentioned in Protocol Article 17 (Emissions Trading), and highlighted the need to discuss it in the context of the nature and scope of emissions trading.

**PROTOCOL ARTICLES 5, 7 & 8:** The group met to consider the cross-cutting issue of assigned amount reporting by Parties. Following the introduction of the draft text from the mechanisms group, SAUDI ARABIA said the G-77/CHINA was not in a position to comment on the text. Co-Chair Plume responded that the purpose of introducing the text was simply to assist in work on the guidelines under Article 7, not to make decisions on the text. The group then considered the section of the guidelines under Article 7 on transfer and acquisitions of emissions reduction units, certified emission reductions, and assigned amount units corresponding to work in the mechanisms groups. Delegates discussed timeframes and modes for reporting on information under assigned amounts. The US suggested that the FCCC Secretariat consolidate a new version of the text discussed, in consultation with the Parties.

**TECHNOLOGY TRANSFER:** Participants continued consideration of the draft framework for meaningful and effective actions to enhance the implementation of FCCC Article 4.5 (technology transfer) contained in the non-paper. The PHILIPPINES, for the G-77/CHINA, expressed concern that needs were still being assessed after five years. She recalled her proposal to include a section in the framework addressing actions taken to implement the

commitment to transfer technology, and suggested revisiting the issue of developing an Intergovernmental Advisory Panel on Technology. The REPUBLIC OF KOREA, supported by CHINA, called for clarification on the means of implementation of FCCC Article 4.5, and on the responsibility and conditions for implementation.

On needs assessment, CANADA proposed an integrated approach beyond needs assessment in a narrow sense, to improve the enabling environment for technology transfer. The G-77/CHINA volunteered to draft a concise paragraph summing up the issues related to needs assessment.

**ADVERSE EFFECTS:** Resuming discussions on the Co-Chairs' text, ZIMBABWE, for the G-77/CHINA, indicated that emphasis on the use of national communications to report on actions and assess vulnerability should not constrain actions in the most vulnerable and least developed countries that may not already have disseminated or compiled this information due to, *inter alia*, lack of capacity and funding. The US said other sources of information were acceptable, and stressed that actions should be focused and effective. The G-77/CHINA highlighted that the text should reflect the importance of creating a fund to support these activities. JAPAN, supported by the US, recalled that the GEF was the vehicle for this funding. CANADA, supported by NORWAY, the UK, and US, stressed the need for strengthening references in the text to the country-driven approach, national circumstances and sustainable development. CANADA suggested requesting the FCCC Secretariat to organize workshops on adverse effects and on response measures, and report the outcomes at COP-7. Delegates discussed the importance of rapid response systems to climate events. The EU cautioned against creating a separate disaster fund for climate-related events.

### IN THE CORRIDORS

Some participants speculated that the reasons for the criticisms levelled at the GEF's Capacity Development Initiative during Wednesday's meeting could be sourced to concern about the financing of the CDI and the implications in terms of support for other climate-related activities. A number alleged that a lack of transparency in the selection of regional consultants and in the manner in which the process was conducted in certain regions detracted from substantive discussions on the assessment results. On a more optimistic note, others pointed out that the CDI's reports have at least reaffirmed the main priority areas previously highlighted for urgent action, and added that this can contribute to the development of a clear and focused COP-6 decision.

### THINGS TO LOOK FOR TODAY

**PLENARY:** Delegates will convene in a Plenary session in Auditorium Lumiere at 4:30 pm to take stock of the week's work.

**ADVERSE EFFECTS:** This group will convene at 10:00 am and again at 5:30 pm in the Amphitheatre to consider text on impacts of response measures.

**MECHANISMS:** This group will meet at 10:00 am in Auditorium Lumiere to work through the text and commence discussions on all aspects of the mechanisms, including nature and scope.

**ARTICLES 5, 7 & 8:** The group will meet at 12:00 pm in Salon Pasteur to resume consideration of Article 7.

**COMPLIANCE:** Delegates will discuss procedures of the compliance body at 3:00 pm in the Amphitheatre.

**CAPACITY BUILDING:** This group will meet at 3:00 pm in Salon Pasteur to consider the needs of non-Annex I Parties.

**TECHNOLOGY TRANSFER:** Discussions will resume at 5:30 pm in Rhone 2.

**LULUCF:** This meeting will begin at 8:00 pm in the Amphitheatre to continue discussions on the consolidated synthesis of Parties' proposals on methodological issues.

**POLICIES AND MEASURES:** This group will consider draft elements for a decision at 8:00 pm in Rhone 1.