



## SUMMARY OF THE THIRTEENTH SESSIONS OF THE SUBSIDIARY BODIES OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: 4-15 SEPTEMBER 2000

The first part of the thirteenth sessions of the subsidiary bodies (SB-13) of the United Nations Framework Convention on Climate Change (FCCC) was held from 11-15 September 2000, at the Palais des Congrès in Lyon, France, preceded by one week of informal meetings from 4-9 September. With over 2000 participants representing 159 Parties, one observer State, 169 observer organizations and the media, delegates to SB-13 and the informal meetings continued work aimed at 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 prepare for the future entry into force of the Kyoto Protocol. The upcoming 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. The first part of SB-13 closed when the meeting was suspended on 15 September. SB-13 will resume in The Hague in November.

During the informal meetings and the first part of SB-13, delegates discussed text for decisions covering a range of technical and political issues, with the aim of preparing for a comprehensive agreement at COP-6. Delegates adopted draft conclusions on various issues, including the mechanisms, compliance, policies and measures (P&Ms), capacity building, technology transfer, land use, land-use change and forestry (LULUCF), Article 4.8 and 4.9 of the FCCC and Article 3.14 of the Kyoto Protocol (adverse effects), and guidelines under Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information) of the Protocol. When SB-13 resumes in November, delegates will continue consideration of a number of issues, including national communications and implementation of the Headquarters Agreement.

At the end of two weeks of intense deliberations, delegates and observers may have good cause to feel concerned. Political positions on the key issues remain entrenched, with little indication of willingness to compromise or move forward. Some might argue that this was never the meeting's aim, suggesting that its core purpose was to

develop negotiating text and narrow differences on technical matters. But even on this more limited objective, progress was patchy. While such text emerged on the key elements of the BAPA – mechanisms, compliance, adverse effects, technology transfer, LULUCF and policies and measures – all of these documents remain riddled with brackets. In some cases, negotiations almost ground to a halt, indicating an apparent unwillingness of Parties to make even relatively minor concessions. With only eight weeks remaining, and with many technical and political questions yet to be resolved, observers are beginning to question whether COP-6 will succeed.

### 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

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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 commitments of Annex I Parties (developed country Parties and Parties with economies in transition) through the adoption of a protocol or other 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 P&Ms to strengthen the commitments of Annex I Parties 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, 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 had 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 greenhouse gases (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, 29 Parties have ratified or acceded to 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>) equivalent emissions for 1990.

**COP-4:** The fourth Conference of the Parties (COP-4) was held from 2-13 November 1998, in Buenos Aires, Argentina. A high-level segment, which included 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).

**SB-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, Germany, from 25 October - 5 November 1999. 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.

**SB-12:** The twelfth sessions of the subsidiary bodies were held from 12-16 June 2000, in Bonn, Germany, preceded by one week of informal meetings, held from 5-10 June. In addition, a number of workshops and informal consultations were held during the months prior to SB-12. Delegates to SB-12 and the informal meetings resumed work toward fulfilling the BAPA. During the course of SB-12 and the preceding informal meetings, delegates focused on 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 P&Ms, land use, land-use change and forestry (LULUCF), guidelines under Articles 5, 7 and 8 of the Protocol, technology transfer, and mechanisms. Between SB-12 and SB-13, a number of informal consultations and workshops were convened to advance discussions on key issues to be resolved at COP-6, including those relating to LULUCF, the mechanisms, compliance, technology transfer and adverse effects.

## REPORT OF SB-13

During the first part of SB-13, held from 11-15 September, SBI considered and adopted conclusions relating to Annex I communications, non-Annex I communications, the financial mechanism, and administrative and financial matters, as well as a draft decision to be forwarded for adoption by COP-6 on the venue of the seventh Conference of the Parties (COP-7). SBSTA considered and adopted conclusions on issues such as: LULUCF; the development and transfer of



technologies; "best practices" in policies and measures (P&Ms); and guidelines under Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information) of the Kyoto Protocol. SBI and SBSTA jointly addressed and agreed to conclusions on adverse effects, capacity building, compliance and the Protocol mechanisms. The subsidiary bodies were assisted in their work by a pre-session week of informal meetings held from 4-9 September aimed at developing negotiating text for SB-13. During the formal session, seven contact groups, a joint SBI/SBSTA working group and numerous informal consultations and meetings were also held. SB-13 was suspended on 15 September and will resume at COP-6.

### **WELCOMING CEREMONY**

SB-13 formally opened on Monday morning, 11 September. COP-5 President Jan Szyszko (Poland) welcomed delegates to Lyon and encouraged them to look for common ground and explore compromises in order to streamline negotiating texts and achieve success at COP-6.

FCCC Executive Secretary Michael Zammit Cutajar drew participants' attention to two political challenges: the need to support developing countries in their response to climate change impacts; and the importance of realizing the goals of the Protocol. He cautioned against attempts to renegotiate parts of the Protocol, since this would result in its collapse. He also expressed regret at the passing away of two prominent figures in climate change negotiations: Jean Ripert of France, who chaired the Intergovernmental Negotiating Committee that resulted in the adoption of the FCCC in 1992; and Zhong Shukong, Special Advisor on Environmental Issues in China's Ministry of Foreign Affairs.

Raymond Barre, Mayor of the City of Lyon, expressed his hope for a successful outcome for SB-13. He noted the presence of France's Prime Minister and Minister of Spatial Planning and Environment as a sign of the political and economic importance attached to the work on climate change.

French Prime Minister Lionel Jospin noted France's active support for early ratification of the Protocol. He stressed the importance of domestic action as the most important instrument to reduce emissions, and said the mechanisms should be applicable to no more than half of the efforts from each State. He also expressed caution over the inclusion of sinks. He urged developing countries not to postpone action, and recommended expeditious adoption of the CDM. He stated that his Government's recent measures to mitigate the impact of rising oil prices did not compromise France's climate change programme.

### **SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE**

SBSTA Chair Harald Dovland (Norway) opened the first meeting of SBSTA's thirteenth session on Monday, 11 September, shortly after the welcoming ceremony. During this meeting, delegates briefly considered organizational matters, adopting the provisional agenda and organization of work for the session (FCCC/SBSTA/2000/L.5).

### **METHODOLOGICAL ISSUES**

**LULUCF:** The topic of land use, land-use change and forestry was considered in informal meeting held during the pre-session week. Co-Chaired by Halldor Thorgeirsson (Iceland) and Philip Gwage (Uganda), the group met in six informal sessions between Monday, 4 September, and Saturday, 9 September. Participants considered Parties' submissions on LULUCF contained in a consolidated

synthesis document prepared by the Secretariat, the compilation text of country-specific data and information submitted by Parties by 1 August, and the document on implications of accounting frameworks on preliminary assigned amounts during the first commitment period. During SB-13, delegates addressed the issue on Monday, 11 September. A contact group on LULUCF was convened and met three times between Tuesday, 12 September, and Thursday, 14 September, to consider the Co-Chairs' text on elements related to Article 3.3 (afforestation, reforestation and deforestation) and 3.4 (additional activities), and SBSTA conclusions. In addition, a special session on LULUCF and the CDM was convened on Thursday, 14 September. SBSTA adopted conclusions on LULUCF on Friday, 15 September.

Starting on Monday, 4 September, participants at the informal sessions considered Parties' consolidated submissions on LULUCF, focusing on: proposed definitions and accounting approaches under Article 3.3; how and which additional human-induced activities might be included under Article 3.4, including modalities, rules and guidelines related to these activities and their accounting; methodologies for measuring and reporting in relation to Article 3.3 and 3.4 activities; overall accounting approaches in relation to the requirements of Article 3.3, 3.4 and 3.7 (calculating assigned amounts in the first commitment period); reversibility, natural effects and accounting interlinkages; and other issues.

Luiz Gylvan Meira Filho, President of the Brazilian Space Agency, gave a presentation outlining the implications of different approaches to including LULUCF among climate change mitigation objectives under the Protocol. He noted the current temporary uptake of carbon in the biosphere due to natural effects, and said that under a full carbon accounting approach, Annex I countries would be allowed to emit more than under a business-as-usual scenario. Co-Chair Thorgeirsson 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 noted gaps in existing data, and stressed data as a crucial input to the negotiating process. Australia noted that Annex I countries had the capacity to make adequate carbon measurements.

Co-Chair Thorgeirsson then requested delegates to focus on key unresolved issues. On separating natural effects from human-induced effects, Switzerland, opposed by Canada, supported a negotiated threshold to deal with the human-induced effects, which could also be adjusted to deal with issues of uncertainty and permanence. On eligibility of Article 3.4 activities, Tuvalu drew attention to the insufficiency of existing data, suggesting it would be difficult to base a sound decision on such data. On limitation of debits and credits of additional activities, the US supported using a threshold, opposed using a cap, and said a possible phase-in approach should provide incentives to take action. On aggregation-degradation, Australia said he could support a process decision at COP-6.

On 9 September, Co-Chair Thorgeirsson introduced the new Co-Chairs' text on elements related to Article 3.3 and 3.4 that would be the basis for deliberations during SB-13.

During the formal SB-13, delegates initially addressed the issue of LULUCF at the SBSTA Plenary on Monday, 11 September. Japan stated its opposition to separating human-induced and natural effects, while Switzerland said the integrity of the Protocol depended on their separation. The EU said additional activities under Article 3.4 should not be applied during the first commitment period unless its concerns



related to scale, uncertainties and risks associated with sinks were resolved. Canada expressed confidence that these concerns could be met and, with Japan, stressed inclusion of Article 3.4 activities in the first commitment period as a condition for ratification of the Protocol. A contact group was then convened to continue discussions.

On Tuesday, 12 September, Brazil, on behalf of the G-77/China, presented basic principles for Article 3.3 and 3.4 to the contact group. He said that, *inter alia*: activities should not change the Protocol's global climate change mitigation effect; forest conservation and rehabilitation of degraded lands should be recognized as adaptation activities and receive a share of the mechanisms' proceeds; a transfer of commitments to a future commitment period should not be allowed; carbon removed through LULUCF activities should be considered temporary; and the simple presence of carbon stocks in national reservoirs should not result in credits in line with Article 5.2 (adjustments). Co-Chair Gwage said the principles outlined by the G-77/China would provide the basis for a preamble for a decision on Article 3.3 and 3.4.

On Wednesday, 13 September, delegates provided their views on the Co-Chairs' text on elements related to Article 3.3 and 3.4. Switzerland submitted a written proposal on behalf of the Environmental Integrity Group (Switzerland, Republic of Korea and Mexico). Following discussions, Co-Chair Thorgeirsson noted support by several Parties for the FAO forest definition with Party-specific thresholds, and by some for definitions at the international level, as determined by the COP. He recognized that Parties did not find a separate definition of "historic" with regards to afforestation and reforestation useful. He said some Parties suggested removing paragraphs distinguishing harvesting from deforestation, and that the group would consider the issue of degradation further. He said he had received useful guidance on the size of the assessment unit, and welcomed discussion of forest management. Bolivia, on behalf of several Latin American countries, introduced a textual proposal that also related to Article 12 (CDM).

On Thursday, 14 September, the contact group considered draft SBSTA conclusions. Tuvalu said conclusions on text that had yet to be discussed by the group would be premature, and New Zealand suggested bracketing the draft decision text for COP-6 and COP/MOP-1.

Continuing consideration of the Co-Chairs' text on elements related to Article 3.3 and 3.4, several Parties drew attention to their submissions on the text as compiled in a new miscellaneous document.

In a special session on the evening of Thursday, 14 September, delegates considered the issue of LULUCF projects within the CDM. Brazil, Peru, Chile, Colombia, New Zealand, Costa Rica, Bolivia, Australia, the US, Japan, Uruguay, Canada, Norway and the Environmental Integrity Group argued in favor of inclusion, citing a variety of motivations and preconditions. The EU, Tuvalu, Samoa, China and Jamaica urged that the CDM exclude provision for sinks.

On Friday, 15 September, SBSTA adopted conclusions on LULUCF (FCCC/SBSTA/2000/L.6 and Add.1). These conclusions note with appreciation the documents considered during the session, and invite the Chair to further develop the elements of a draft decision on Article 3.3 and 3.4 based on oral and written Party input during the first part of SBSTA-13, and on informal consultations in Viterbo, Italy, scheduled for 9-11 October 2000. The conclusions urge Parties that have yet to supply complete data related to LULUCF to do so by 1 November 2000.

#### GUIDELINES UNDER ARTICLES 5, 7 AND 8 OF THE

**PROTOCOL:** Delegates in the group on guidelines under Protocol Articles 5 (methodological issues), 7 (communication of information) and 8 (review of information) met in seven informal sessions between Monday, 4 September and Saturday, 9 September, to elaborate the guidelines under Articles 7 and 8. A small drafting group also met to further the work on guidelines under Article 8 and guidance under Article 5.2 (adjustments) as a basis for further negotiation. At the formal SBSTA Plenary on Monday, 11 September, a contact group was formed. This group met three times. The conclusions developed during these contact group meetings were adopted by SBSTA on Friday, 15 September.

On Monday, 4 September, the Co-Chairs of the informal sessions, Helen Plume (New Zealand) and Festus Luboyera (South Africa), noted that some issues considered by the group would be further elaborated at a later stage, as they depended on the work of other groups, such as on LULUCF, adverse effects and the mechanisms. Co-Chair Plume stressed the need to move forward on the elements without preempting the work of the other groups. The group briefly considered the draft guidelines under Article 8. A number of participants preferred replacing the term "shall" with "may" when referring to the tasks of the Expert Review Teams (ERTs). Saudi Arabia said the G-77/China was not in a position to comment on text and needed more time. Under draft guidelines under Article 7, the group considered the crosscutting issue of assigned amount reporting by Parties. Following the introduction of the relevant draft text from the mechanisms group by the Secretariat, delegates discussed timeframes and modes for reporting on information under assigned amounts.

In the subsection on guidelines under Article 7.1 (inclusion of supplementary information in annual inventories), the US, opposed by the EU and Australia, proposed deleting the section on adjustments in accordance with Article 5.2, maintaining that reporting should be the responsibility of the review team, not the Party. On consideration of Article 7.2 (inclusion of supplementary information in national communications), the US, Norway, Saudi Arabia and the EU questioned the timing for the submission of national communications and where this should be treated. On national registries, the US underscored the importance of discussions on the mechanisms for the work in this group.

On Friday, 8 September, delegates completed discussions on the guidelines under Article 7. Saudi Arabia, on behalf of the G-77/China, opposed by the EU, suggested new headings on information related to transfer of technology and additional financial resources, and highlighted their textual proposal on information on implementation of Protocol Article 3.14. New Zealand proposed a new heading on issuance and cancellation of assigned amounts under Protocol Article 3.3 and 3.4.

On Saturday, 9 September, Parties continued deliberations on Part I of the guidelines under Article 8, General Approach to Review. The G-77/China bracketed most of the text, citing insufficient time to consider it. The Secretariat distributed draft decisions on national systems under Article 5.1, methodologies for adjustments under Article 5.2, and guidelines under Articles 7 and 8, to be taken by COP-6 and COP/MOP-1.

At the SBSTA Plenary on Monday, 11 September, a formal contact group was convened, which met three times during the week. Delegates considered draft conclusions for the first part of SBSTA-13, and



draft decision text on Article 5.2 for COP-6 and COP/MOP-1, and the draft guidelines under Article 8 as progressed by the small drafting group during the previous week.

During discussions in the contact groups, Co-Chair Plume noted that the draft conclusions under consideration did not specify whether separate decisions would be taken at COP-6 on the guidelines under Articles 5, 7 and 8. She highlighted the proposal to hold an informal consultation on these matters in October. On demonstrable progress, Saudi Arabia, opposed by the EU, proposed deleting the paragraph recognizing the first national communication submitted under Article 7.2, stressing that the approach was too narrow. Switzerland suggested compromise language that was accepted by the group, referring in general to Article 7 rather than specifically to Article 7.2.

On the draft decision text on Article 5.2 for COP-6 and COP/MOP-1, Saudi Arabia, supported by Tuvalu, Peru, China and Brazil, and opposed by the US and New Zealand, suggested deleting references to activities under Article 3.3 and 3.4 at this stage.

In discussions of Part II of the guidelines under Article 8, Review of Annual Inventories, delegates bracketed many paragraphs. Under identification and classification of problems by ERTs, the US, opposed by the EU, proposed moving the section on classification, stressing that ERT's should identify rather than classify problems. On timing, the US suggested setting strict deadlines for submission of reports, while leaving broader issues flexible. Parties considered New Zealand's proposal on Part III of the guidelines under Article 8, Review of Information on Assigned Amounts, and Part III *bis*, Annual Compilation and Accounting of Emission Inventories and Assigned Amounts. The G-77/China proposed bracketing the entire text. On the scope of the review, the EU suggested that it cover cancellation of assigned amount units, including cancellation with respect to Article 3.3 and 3.4. Co-Chair Plume introduced Part IV of the guidelines under Article 8, Review of National Systems, based on submissions from the EU and Australia. On Thursday, 14 September, Co-Chair Plume closed the contact group after inviting Parties to submit views on the guidelines under Articles 5.2, 7 and 8 to the Secretariat before 29 September.

The conclusions (FCCC/SBSTA/2000/L.7 and Add.1,2,3) adopted at the SBSTA Plenary include agreement that the SBSTA, at the second part of SBSTA-13, will further consider guidelines under Articles 7 and 8 and possible elements for a draft decision or decisions on Articles 5.1, 5.2, 7 and 8, which are attached as addenda to the conclusions. SBSTA also invited the Chair to further develop the draft texts relating to guidelines under Articles 7 and 8 and methodologies for adjustments under Article 5.2, based on oral and written views expressed by Parties during the first part of SBSTA-13 and at informal consultations prior to the second part of SBSTA-13, with a view to recommending a draft decision on the matters at COP-6 for adoption at COP/MOP-1.

**IMPACT OF SINGLE PROJECTS ON EMISSIONS IN THE COMMITMENT PERIOD:** SBSTA considered this item in Plenary on Monday, 11 September. Chair Dovland noted that Parties had made no submissions on the matter by 17 July 2000, as requested by SBSTA-11. Following statements by Iceland and other Annex I countries, he concluded that full agreement had yet to be reached, and requested Ole Plougmann (Denmark) to conduct informal consultations on the issue.

On Friday, 15 September, Plougmann reported that although Parties had come to the meeting without a political mandate to negotiate text for a draft decision, they had been active in exchanging ideas

and concerns. He noted that Parties had expressed a wish to reflect further on the material produced and to continue consideration of the issue during the second part of SBSTA-13, with the aim of developing a decision for COP-6. SBSTA adopted its conclusions (FCCC/SBSTA/2000/L.5), agreeing to consider the issue further at its next session.

**OTHER METHODOLOGICAL MATTERS: Emissions resulting from fuel used in international transportation:** On Monday, 11 September, the Secretariat reported on cooperation with International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO), and on efforts within these organizations to identify options to limit and reduce greenhouse gas emissions. Chair Dovland noted their progress reports, as requested by SBSTA-11. The IMO introduced its study on greenhouse gas emissions from ships, which will be available at SBSTA-14.

On Friday, 15 September, delegates adopted SBSTA conclusions (FCCC/SBSTA/2000/L.5) on this issue, encouraging ICAO and IMO to complete their work as soon as possible, and noting the importance of coordination by Parties at the national level of their work related to greenhouse gas emissions from international aviation and shipping.

**Methods and tools for vulnerability and adaptation assessments:** Delegates considered this issue on Monday, 11 September. Chair Dovland drew attention to the methods and tools to assess climate change impacts and adaptation. The Secretariat noted that a workshop with IPCC experts would be held following the release of the IPCC Third Assessment Report (TAR) in April 2001. In the conclusions (FCCC/SBSTA/2000/L.8) adopted on Friday, 15 September, SBSTA requests the Secretariat to organize a workshop with participation of the IPCC experts and the user community to explore: developing country experiences in applying current impact and adaptation methodologies and their emerging needs; the current state of the art of methods identified in the IPCC TAR; and options for improving the quality and dissemination of information on impact adaptation methodologies. The Secretariat is requested to report the results of the workshop at SBSTA-14. Parties were invited to actively participate in and provide support for the workshop.

#### **DEVELOPMENT AND TRANSFER OF TECHNOLOGIES: STATUS OF THE CONSULTATIVE PROCESS**

Delegates considered the development and transfer of technology in informal workshops held from 5 – 9 September. It was considered further in contact group discussions convened by SBSTA and Co-Chaired by Dean Cooper (Canada) and Oladapo Afolabi (Nigeria), from 11-14 September.

On Tuesday, 5 September, delegates considered the report of the consultations of the Friends of the Chair on development and transfer of technology held in Colorado, USA. The conclusions, contained in a non-paper, highlighted the five key themes for a draft framework for the enhancement and effective implementation of technology development and transfer under the FCCC, identified at SBSTA-12: technology needs and needs assessment, technology information, enabling environments, capacity building and mechanisms for technology transfer.

During the informal workshops, delegates heard presentations by the Secretariat on a possible framework for a technology transfer system, and by the Climate Technology Initiative on its website. In the discussions, the Philippines, speaking on behalf of the G-77/China, expressed concern that needs were still being assessed after five years. She proposed including a section in the framework addressing actions



taken to implement the technology transfer commitments. On needs assessment, Canada and the US proposed an integrated approach beyond needs assessment in a narrow sense, to improve the enabling environment for technology transfer. Other issues raised include the role of a clearinghouse, the use of existing institutions, and the need to avoid duplication of matters being addressed elsewhere. The US said capacity building for the identification of CDM projects could maximize their use for technology transfer.

Regarding the mechanisms for technology transfer, participants discussed the GEF's role, whether to establish an intergovernmental technical advisory panel and a funding mechanism for technology transfer, and the need for integrated approaches. Several participants said official development assistance (ODA) should not be used for technology transfer, since this would be a distortion of development priorities. The Republic of Korea stressed the need to examine the supply of technology. The GEF said existing programmes, such as the Medium-Sized Projects programme, could be used as a means for transferring technology.

On Monday, 11 September, SBSTA considered technology development and transfer during its opening session. A contact group on technology transfer was convened and met several times from 12-14 September. During this time, delegates discussed a revised Co-Chairs' draft framework to enhance implementation of FCCC Article 4.5 (development and transfer of technology), which drew on the discussions during the week of informal meetings. They then considered the different themes of the draft framework. There was divergence over the purpose of the framework, with the US, Canada and the EU stating that it should enhance implementation of Article 4.5. The G-77/China emphasized that the framework shall serve as a framework for implementation of Article 4.5 commitments, and stressed that the extent to which developing countries can implement their commitments under the FCCC depended on effective participation by developed countries. Other issues discussed included whether to refer to "state of the art technologies," the use of the term "equitable" when referring to the technology transfer process, and the meaning of "integrated approaches."

On Thursday, 14 September, delegates discussed the Co-Chairs' draft conclusions. The US, EU and Canada objected to a G-77/China call to include reference to a draft decision it had tabled earlier in the day, noting that they had not seen it.

The G-77/China proposed deleting a paragraph in the Co-Chairs' conclusions that invite the SBSTA Chair, with the assistance of the Secretariat, to provide additional reports on the outcome of the regional workshop, noting the limited time at COP-6 for negotiations. She questioned the purpose of additional information and its input to the discussions. The UK said the workshop would inform negotiators new to the process. Malaysia noted that the SBSTA Chair had the discretion to decide if and when to organize informal meetings.

On Friday, 15 September, SBSTA adopted its draft conclusions on the status of the consultative process on technology development and transfer (FCCC/SBSTA/2000/CRP.8). The conclusions note the report by the Chair on the status of the transfer of technology consultative process and the draft text of a framework for meaningful and effective actions to enhance the implementation of Article 4.5, and agree to consider a revised draft text (FCCC/SBSTA/2000/CRP.8/Add.1) and additional submissions on this matter received from Parties, including document FCCC/SBSTA/2000/MISC.9, at the second part of SB-13. In the conclusions, SBSTA also invites the Chair, with the assistance of

the Secretariat, to organize an informal meeting and brief presentation at the resumed SB-13 in November on the regional workshops on the technology transfer consultative process, and requests the Secretariat to further elaborate a proposal for activities in the area of technology information taking into account, *inter alia*, the resource implications of continuing this work at different levels of effort. The draft framework (FCCC/SBSTA/2000/CRP.8/Add.1) is annexed to the conclusions.

### "BEST PRACTICES" IN POLICIES AND MEASURES

The issue of "best practices" in policies and measures (P&Ms) among Annex I Parties was addressed in two informal meetings during the pre-session week, at a SBSTA Plenary session on Monday, 11 September, and in two subsequent contact groups. Conclusions and elements for a draft decision on P&Ms were adopted by SBSTA on Friday, 15 September.

During the informal meeting on Tuesday, 5 September, Co-Chair José Romero (Switzerland) summarized the outcome of the P&Ms workshop held in April in Copenhagen, and briefly reviewed the discussions at SBSTA-12. He requested Parties to focus on developing a decision for COP-6. The EU proposed objectives relating to: information exchange and experience; facilitating cooperation between Parties; and facilitating assessment of demonstrable progress. Canada asked whether facilitating cooperation would be a bilateral, trilateral or multilateral exercise. The US and Australia said countries could demonstrate progress through institutional and legal steps taken to achieve Protocol Article 3.1 commitments, while Japan suggested the assessment be based on national communications. The Marshall Islands, speaking for AOSIS, stressed the need for Annex I Parties to take domestic action through P&Ms, while Zimbabwe highlighted their impact on developing countries. On text for a COP-6 decision, the EU emphasized the need for a "continuous and structured process" to address the issues within its proposed objectives. Switzerland, with AOSIS, supported using the EU proposal as the basis for the COP-6 decision. Tanzania sought clarity on the need for a separate reporting system for demonstrable progress, and proposed specifying time-frames for information exchange. Peru underlined cost implications associated with best practices.

On Thursday, 7 September, Co-Chair Richard Muyungi (Tanzania) presented draft conclusions and elements for a draft decision. The G-77/China asked the Co-Chair to postpone discussion on the draft text pending internal G-77/China consideration. Parties made general comments related to, *inter alia*: continuing work into the future; avoiding reference to issues under discussion in other groups; and ensuring that the outcome is focused on helping to implement the provisions of Protocol Article 2 (P&Ms).

At the SBSTA-13 meeting on Monday, 11 September, the EU emphasized experience sharing and information exchange, identifying opportunities for cooperation, and contributing to the assessment of demonstrable progress. Canada, with the US and Japan, emphasized that the Copenhagen workshop on P&Ms fulfilled relevant BAPA requirements. He recommended avoiding linkages with other issues, including demonstrable progress. Uruguay highlighted the possible impact of P&Ms on developing countries. A contact group was established.

At the first contact group meeting on Tuesday, 12 September, delegates considered text on elements for a draft decision. The US proposed a revised title referring to cooperation, facilitation and



Article 2.1(b) (cooperation on P&Ms). Saudi Arabia opposed this proposal, supporting the original title amended to refer to “good practices.” Regarding the draft decision, delegates accepted text proposed by the US acknowledging completion of the BAPA requirements. On continuing information exchange, delegates discussed revised text proposed by the US on “considering ways” to facilitate cooperation on P&Ms under Article 2.1(b). The G-77/China proposed bracketing reference to sub-paragraphs 1 and b. Venezuela, opposed by the US and Canada, included reference to Protocol Article 2.3 (adverse effects of P&Ms). The G-77/China, opposed by Canada and Japan, urged limiting the scope of the decision to Annex I Parties. The EU, opposed by Canada, Japan and Australia, emphasized the establishment of a consultative process to ensure continuity of information exchange. On the nature of future activities, Canada, the US and Japan, opposed by the EU, proposed reference to “future work” rather than a “consultative process.” Japan and Australia highlighted information exchange on cross-sectoral issues. The EU and Switzerland advocated an additional sentence on improving mutual understanding and learning.

Delegates completed discussions on the elements for a draft decision at a meeting of the contact group on Wednesday, 13 September. Canada, the US, Japan and Australia, opposed by the EU, urged bracketing all references to the “consultative process.” The US and Japan bracketed the list of activities aimed at improving the transparency, effectiveness and comparability of P&Ms. Japan and the US, opposed by the EU and G-77/China, advocated deleting the link between P&Ms and demonstrable progress. Japan questioned reference to measuring demonstrable progress by means of criteria and quantitative parameters. The G-77/China and Saudi Arabia, opposed by Canada and Australia, proposed text on the need to minimize the adverse effects of Annex I Parties’ P&Ms.

On the contribution of international organizations to the process, the G-77/China and Saudi Arabia urged specific reference to OPEC. Hungary and the EU proposed reference to “relevant international and intergovernmental organizations.” The US bracketed a request to the Secretariat to organize a workshop and to report the workshop results to COP-7. The G-77/China proposed instead that the results of the listed activities for improving the transparency, effectiveness and comparability of P&Ms be reported. Delegates briefly considered the draft SBSTA conclusions. References to Article 2.1 and to a consultative process were deleted.

On Friday, 15 September, SBSTA adopted conclusions on P&Ms (FCC/SBSTA/2000/CRP.9) that: recognize with appreciation, the role of the workshop on “best practices” in P&Ms, held in Copenhagen in April 2000, in advancing work on sharing experience and exchanging information on P&Ms; note the progress made on this matter; and decide to forward to the second part of SBSTA-13 in November the elements of a draft decision to be recommended to COP-6. Draft elements for a decision are attached as an annex to the conclusion. Much of the text remains bracketed, reflecting the divergent opinions presented during the contact group discussions.

#### **COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS**

Delegates considered cooperation with relevant international organizations on Monday, 11 September. The Secretariat said that fifth meeting of the COP of the Convention on Biological Diversity (CBD) had passed a decision on climate change issues, including LULUCF and coral reefs. He undertook to provide further information at the second part of SBSTA-13.

On Friday, 15 September, SBSTA adopted conclusions on cooperation with relevant international organizations (FCCC/SBSTA/2000/L.5). In these conclusions, SBSTA takes note of the information provided by the Secretariat regarding cooperation between the Secretariat and UN bodies and other international conventions, particularly the CBD, and requests the Secretariat to continue the cooperation on substantive matters with the CBD and other UN conventions and agencies, and to inform it at subsequent sessions of the progress achieved.

#### **OTHER MATTERS**

On Monday, 11 September, delegates heard a report from the Secretariat on the roster of experts. The Secretariat noted that there are 671 experts on the list, and that updates were being received on 99 experts, with another 71 nominations being processed.

On Friday, 15 September, SBSTA adopted conclusions on other matters (FCCC/SBSTA/2000/L.5). In its conclusions, SBSTA notes that the Secretariat had provided a report on the status of the roster of experts, and that the Secretariat encouraged Parties to nominate additional experts for the roster and to update roster information regularly.

#### **CLOSING SBSTA PLENARY**

In Plenary on the afternoon of Friday, 15 September, delegates adopted the draft report of SBSTA-13 (FCCC/SBSTA/2000/L.5). Burkina Faso, for the Africa Group, emphasized the need for the translation and wide dissemination of technical reports. In his closing remarks, Chair Dovland noted that while progress had been made, it was not as much as he had hoped for. He highlighted the need for delegates to reconsider their positions if COP-6 is to be a success. He gavelled the meeting to a close at 1:05 pm.

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

The first meeting of SBI’s thirteenth session was held on Monday, 11 September, following the SB-13 welcoming ceremony. SBI Chair John Ashe (Antigua & Barbuda) welcomed participants, and reported that 184 Parties had ratified or acceded to the FCCC. At this meeting, delegates considered organizational matters, adopting the agenda and organization of work for the session (FCCC/SBI/2000/L.2).

#### **ANNEX I COMMUNICATIONS: GREENHOUSE GAS INVENTORY DATA FROM 1990 TO 1998**

On Tuesday, 12 September, the SBI considered the report on national greenhouse gas inventory data from Annex I Parties for 1990-1998. Argentina noted successful measures undertaken by the UK and Germany to reduce emissions and highlighted continuing emissions increases in the US. He said Annex I commitments must be met. The EU expressed satisfaction with the number of Annex I Parties using the new reporting format. He noted with concern the continuing emissions increase in some countries.

On Friday, 15 September, the SBI took note of document FCCC/SBI/2000/11, containing the latest available information. Chair Ashe noted a request by the G-77/China to elaborate a further document based on the first one to provide information on trends in greenhouse gases in Annex I countries in both tables and graphics in time for COP-6. The US expressed concern at this issue being introduced at this stage. Following brief informal consultations, delegates accepted a proposal requesting the Secretariat to further elaborate the document in the form of tables and graphics at COP-6, without prejudice for further compilation at SBSTA-14. Draft conclusions on national communications from Annex I Parties will be presented at the second part of SBI-13 in November.



## NON-ANNEX I COMMUNICATIONS

On Tuesday, 12 September, participants met to discuss non-Annex I national communications. Delegates discussed the role of the Consultative Group of Experts (CGE), and Kenya and Vanuatu drew attention to the financial shortfall facing the CGE. The Philippines said there had been a waste of resources in relation to the CGE, and called for a review of its terms of reference. China urged Annex II countries to provide adequate financial support to CGE. The US said many Parties regarded the CGE as a useful group, and supported its activities.

Draft conclusions on provision of financial and technical support for national communications from non-Annex I Parties will be presented at the second part of SBI-13. A report of the second meeting of the CGE, and the second compilation and synthesis of initial national communications will be taken up at the second part of SBI-13.

## FINANCIAL MECHANISM

SBI considered matters relating to the financial mechanism on Tuesday, 12 September, and Friday, 15 September, as well as in a number of informal meetings held from 12-15 September.

**SUPPORT TO THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE:** The SBI briefly addressed this issue on 12 September and again on 15 September, when it adopted the SBI Chair's draft conclusions (FCCC/SBI/2000/CRP.10). These conclusions take note of the IPCC Chair's statement on the status of the project proposal on capacity building: Assessments of Vulnerability and Adaptation to Climate Change in Multiple Regions and Sectors in Coordination with the IPCC. The conclusions also note that the GEF has approved a Project Preparation and Development Facility grant of US \$350,000 for the development of a full proposal.

**REPORT OF THE GLOBAL ENVIRONMENT FACILITY TO THE COP:** At its third meeting on Tuesday, 12 September, the SBI decided to consider this sub-item formally during the second part of SB-13. However, on Tuesday, 12 September, Parties also engaged in an informal question-and-answer session with GEF Chair and CEO Mohamed El-Ashry. Responding to Kenya's comment on the difficulties in dealing with the implementing agencies, El-Ashry said the GEF was trying to improve the responsiveness of the implementing agencies. He assured delegates that the GEF would act according to the guidance received from the COP. On questions about whether the GEF might reconsider its current focus on mitigation projects in favor of other areas, such as adaptation, once the CDM is introduced, El-Ashry noted the limited guidance provided by the COP on adaptation activities, and added that the specifics of the CDM had yet to be decided. However, he assured Parties that the GEF would avoid duplication. El-Ashry said Parties should communicate their concerns so that any problems could be addressed.

**OTHER MATTERS RELATED TO THE FINANCIAL MECHANISM: Additional guidance to the GEF:** On Tuesday, 12 September, SBI briefly took up the matter of additional guidance to the GEF. The issue was considered further during informal consultations held from 12-15 September. These consultations focused on a proposed draft decision submitted by the G-77/China containing additional guidance to the GEF in its role as the operating entity of the financial mechanism. The proposal aims at integrating decisions that refer to the GEF's activities. In further consultations, Parties responded to and discussed the text. The US, with Canada and the EU said the proposal addressed issues currently under consideration in other negotiating groups, such as discussions on Stage III adaptation,

and cautioned against moving beyond other related negotiations. The G-77/China said ongoing discussions in other groups should not prevent guidance being given to the financial mechanism.

In the SBI Plenary on Friday, 15 September, Chair Ashe announced that consideration of this matter would continue during the second part of SB-13, and that a contact group would be convened, chaired by Kerry Groves (Australia) and SBI Chair Ashe. Delegates adopted the draft Chair's conclusions (FCCC/SBI/2000/CRP.9), noting the establishment of this contact group to consider this text, following a small amendment proposed by the US to delete a request for additional submissions "by 22 September." The draft decision (FCCC/SBI/2000/CRP.9/Add.1), which will be the subject of contact group discussions, remains bracketed almost in its entirety. It provides additional advice to the GEF in the light of the launch of negotiations on the GEF's third replenishment. The text, *inter alia*, decides that the GEF should provide financial resources to developing country Parties, in particular the least developed and small island developing States in a range of activities relating to capacity building.

## VENUE OF COP-7

SBI considered this agenda item on Tuesday, 12 September. Delegates adopted a draft decision on the matter for adoption by COP-6 (FCCC/SBI/2000/L.3), which accepts with gratitude the offer of the Kingdom of Morocco to host COP-7 and decides that it will be held in Marrakech from 29 October - 9 November 2001.

## ADMINISTRATIVE AND FINANCIAL MATTERS

**POSSIBLE OPTIONS TO RESPOND TO LATE PAYMENT OF CONTRIBUTIONS:** On Monday, 11 September, delegates engaged in informal consultations. The US, with the Russian Federation, addressed the issue of late payment of dues, seeking information on existing practices in other UN forums. Speaking for several developing countries, Iran asked for a postponement of the discussion until COP-6, and Argentina added that the options included were unacceptable. The US stated that 89% of dues had been collected this year, while the Secretariat noted that, although this was correct, one-third of Parties had not yet paid.

SBI considered this issue in Plenary on Tuesday, 12 September. Mahmoud Ould El Ghaouth (Mauritania) reported that the informal consultations were still ongoing and that Parties preferred deferring finalizing the draft decision until the second part of SBI-13.

In its conclusions (FCCC/SBI/2000/L.2), the SBI decided that the Chair should continue informal consultations and decisions on this item be postponed until the second part of SBI-13, with a view to recommending a draft decision for adoption by COP-6.

**AUDITED FINANCIAL REPORTS 1998-1999 AND INTERIM FINANCIAL PERFORMANCE 2000:** SBI considered these sub-items on Tuesday, 12 September. Delegates took note of the Secretariat's report on the audited financial report (1999) and interim financial performance (2000). On Friday, 15 September, SBI adopted its recommendations (FCCC/SBI/2000/CRP.8) to COP-6 to, *inter alia*:

- invite the Executive Secretary to report on the implementation of the audit recommendations;
- urge Parties that have not paid their contributions to the core budget, to do so with out further delay;
- note the initiative of the Executive Secretaries of the FCCC and the Convention to Combat Desertification to establish common administrative and support services;
- request the Executive Secretary to submit for SBI-14 consider-





ation, a proposed programme budget for the biennium 2002–2003; and

- request the SBI to recommend a programme budget for adoption by COP-6.

**IMPLEMENTATION OF THE HEADQUARTERS AGREEMENT:** On Tuesday, 12 September, SBI Chair Ashe recalled concerns raised at SBI-12 relating to integration with the host country, namely inadequate office space and difficulties acquiring visas and work permits. Germany provided an interim report on action being taken, noting progress that has been made to resolve these issues. In its conclusions (FCCC/SBI/2000/L.2), SBI took note of the statement by Germany and invited Germany to report on progress at its next session.

#### **OTHER MATTERS**

On Friday, 15 September, Chair Ashe informed the SBI of a proposal to revise the schedule at COP-6 for the adoption of the COP's agenda. Delegates agreed to the suggestion to adopt the COP-6 agenda on 13 November, at the start of the first week of COP-6, rather than on 20 November, as originally planned.

He informed the SBI that there had been consultations on certain technical problems relating to dates for the first sessional period in 2001. He said consensus on a suggestion to change the dates from the end of May 2001 to the first two weeks of June had not been reached, and the dates would thus remain unchanged.

#### **CLOSING SBI PLENARY**

On the evening of Friday, 15 September, SBI adopted its report of the session (FCCC/SBI/2000/L.2). Burkina Faso, speaking for the Africa Group, congratulated Chair Ashe on SBI's work. He underscored the need to pay particular attention to the needs and situations of LDCs. Noting that LDCs did not feel adequately involved in the work of the GEF, he said the SBI should request the GEF to focus in particular on Africa, taking into account the specific needs of each country, and taking a sub-regional approach to capacity building. He expressed hope that COP-6 would produce a successful outcome. The meeting was adjourned shortly after 8:00 pm.

#### **JOINT SBI/SBSTA SESSIONS**

The first joint SBI/SBSTA meeting took place on Monday, 11 September, with general statements by a number of Parties. The European Commission expressed hope that COP-6 would ensure the ratification of the Protocol for entry into force in 2002. She encouraged strong consequences in cases of non-compliance. France, on behalf of the EU, suggested that the momentum from Kyoto had been lost. She urged each country to assume its responsibility and adopt emissions reduction measures. Switzerland announced the formation of the Environmental Integrity Group that also includes Mexico and South Korea. He said the group would emphasize the need to achieve "environmental integrity" in the outcomes of climate change negotiations.

Nigeria, on behalf of the G-77/China, expressed concern that developed countries were not engaging in meaningful FCCC implementation. He stressed the importance of taking comprehensive decisions on all issues. The Africa Group noted concerns with availability of translated documents, the convening of too many meetings and rigid positions taken by developed countries. Venezuela said developed countries should not avoid commitments or attempt to transfer commitments to developing countries. Indonesia stressed the importance of capacity building, adaptation, Annex I domestic action, and technology transfer.

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

Delegates considered FCCC Article 4.8 and 4.9 and Protocol Article 3.14 in five informal meetings during the pre-sessional week, at a joint SBI/SBSTA meeting on Monday, 11 September, and in five subsequent joint contact groups. The informal meetings and contact groups were co-chaired by Bo Kjellén (Sweden) and Abdulmuhsen Al-Sunaid (Saudi Arabia), temporarily replacing Mohamad Reza Salamat (Iran), who will return to take up his position as Co-Chair at the second part of SBSTA-13. The Chairs' draft conclusions were adopted at a joint SBI/SBSTA meeting on Friday, 15 September.

In the first informal meetings delegates considered the Co-Chairs' negotiating text that had been the outcome of inter-sessional consultations in Bonn in August. Zimbabwe, on behalf of the G-77/China, called for two separate draft decisions, one on FCCC Article 4.8 and 4.9, and another on Protocol Article 3.14. Uganda, the Gambia, Nepal, Burkina Faso, the US and others stressed clear articulation of the needs and concerns of least developed countries (LDCs) in the text and decisions.

On adverse effects of climate change, the G-77/China said emphasis on the use of national communications exclusively 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 for this assessment were also acceptable, and stressed that any actions should be focused and effective. In response to the G-77/China's suggestion to create a fund to support these activities, Japan and the US recalled that the GEF was the vehicle for this funding. Canada, supported by Norway, the UK, and US, stressed referring to the country-driven approach, national circumstances and sustainable development. Canada suggested requesting the Secretariat to organize workshops on adverse effects and on response measures, and report on the outcomes at COP-7. Delegates discussed the importance of rapid response systems to climate events. The EU, opposed by several developing countries, cautioned against creating a separate disaster fund for climate-related events.

On Protocol Article 3.14, several developed countries noted that it dealt primarily with the impact of response measures, and suggested merging it with the previous section of the text that directly addressed this issue. Australia, Poland, the US, the EU and other Annex I Parties expressed reservations on a paragraph inviting Annex I Parties to provide information on, *inter alia*, existing market imperfections and subsidies in the energy sector. Saudi Arabia urged that the paragraph be retained.

On Friday, 8 September, delegates completed discussions on the Co-Chairs' draft negotiating text during the informal sessions. Several Annex I countries, opposed by some developing countries, suggested deleting a paragraph on actions related to policy options. Saudi Arabia stressed the importance of assisting economic diversification in oil-exporting developing countries, and supported tax restructuring in Annex I Parties. With Libya, Qatar and Venezuela, he supported discouraging fossil fuel production in Annex I countries. Libya underscored the externalities of nuclear energy.

At a joint SBI/SBSTA meeting on Monday, 11 September, Chair Dovland noted that negotiating text had been prepared based on the informal consultations the previous week, in addition to those held in



August. Co-Chair Al-Sunaid noted progress, but drew attention to disagreements over whether to have two decisions that address FCCC Article 4.8 and 4.9 and Protocol Article 3.14 separately, or one decision dealing with both.

The G-77/China called for the will to implement “long overdue” actions on FCCC Article 4.8 and 4.9 at COP-6 and, supported by Saudi Arabia, the United Arab Emirates and Jamaica, but opposed by the EU and the US, reiterated the call for two separate decisions. Discussions were referred to a contact group that met five times from 11-15 September.

The contact group continued considering the revised draft text. On text relating to the provision of information by LDCs through sources other than national communications, the G-77/China repeated that many developing countries had difficulties completing their national communications, and re-emphasised that other relevant information should also serve as the basis for determining their adaptation activities. Vanuatu, on behalf of the LDCs, cited marginalization in the process, and requested that their special needs be considered. Burkina Faso underscored the importance of establishing and strengthening national and regional institutions for, *inter alia*, research on climate change and its adverse effects.

China underscored integrating adaptation into sustainable development programmes, since this is the ultimate objective of the FCCC, but stressed the right of a sovereign State to design its own national policies. The US cautioned against the implications of this for GEF funding according to the three-stage process set out by decision 11/CP.1. The EU, supported by the US and Canada, endorsed text on pilot and/or demonstration projects that support the concept of learning by doing. The G-77/China preferred text on immediate implementation of adaptation activities, where sufficient information is available.

On establishing a fund for climate-related disaster relief, the EU and the US said that such a fund could add complexity to the provision of funding due to the recognized difficulty in distinguishing between natural and human-induced climate disasters.

Saudi Arabia, supported by several other developing countries, said Article 3.14 referred only to actions by Annex I Parties and indicated that it was inappropriate to suggest that non-Annex I Parties had obligations under this article. The US supported references to non-Annex I Parties in the text, as Article 3.14 did not specify whether actions to be considered by the COP/MOP under this article were exclusively those of Annex I Parties.

On the impact of response measures, Japan, supported by the US, but opposed by China and Brazil, stressed that non-Annex II Parties able to support developing countries should be encouraged to do so. Text on the process of information analysis was bracketed. The G-77/China, Kuwait and Venezuela reiterated the importance of technological development relating to fossil fuels for diversification of economies in oil exporting developing countries.

On text relating to Article 3.14, the G-77/China, with Brazil, Colombia, Kuwait, Saudi Arabia and Venezuela, suggested removing the paragraph recognizing the role of flexibility mechanisms in minimizing the impacts of response measures on non-Annex I Parties. Australia said that cost effective and transparent mechanisms were a successful way of addressing adverse impacts. The US supported Australia, but said that in the interest of a successful outcome at COP-6, the text should focus only on those issues addressed in Article 3.14.

At the joint SBI/SBSTA meeting on Friday, September 15, delegates adopted draft conclusions (FCCC/SB/2000/CRP.11). Uganda, on behalf of the LDCs, requested inclusion of a fourth paragraph requesting the Secretariat to organize a workshop to identify the specific needs of LDCs related to, *inter alia*, capacity building and adaptation. SBI Chair Ashe noted this request. Executive Secretary Michael Zammit Cutajar welcomed the emergence of this group. In the draft conclusions on both Implementation of FCCC Article 4.8 and 4.9 and Protocol Articles 2.3 and 3.14, the subsidiary bodies, *inter alia*:

- agree to forward the text (FCCC/SB/2000/CRP.11/Add.1) to the second part of the thirteenth sessions for further consideration;
- invite the Chairs to convene inter-sessional consultations on these items; and
- decide to resume negotiations on the two agenda items based on the text at the second part of the thirteenth sessions.

### COMPLIANCE

Delegates considered procedures and mechanisms relating to a compliance system under the Protocol in informal meetings during the pre-sessional week, in a joint SBI/SBSTA meeting on Friday, 15 September, and in the Joint Working Group on Compliance (JWG) from 11-15 September. These meetings were co-chaired by Harald Dovland (Norway) and Neroni Slade (Samoa). During the informal week, Parties considered the proposals from the Co-Chairs of the Joint Working Group under the Kyoto Protocol (FCCC/SB/2000/7). Based on Parties input, a text by the Co-Chairs of the Joint Working Group on Compliance (FCCC/SB/2000/CRP.7) was drafted and distributed on Monday, 11 September. During the first half of SB-13, delegates met four times to discuss the text, offer comments and indicate areas where their submissions had not been reflected. As a result of their deliberations, a revised text (FCCC/SB/2000/CRP.10/Add.1) was produced and adopted by the joint SBI/SBSTA session on Friday, 15 September as a basis for further negotiation at COP-6.

**GENERAL PROVISIONS:** Parties considered general provisions within the Co-Chairs’ proposals on Thursday, 14 September. With respect to the scope of application, Saudi Arabia, opposed by Samoa and Peru suggested that the compliance system apply to all commitments – not just those “contained” in, but also those “referred to” in the Protocol. Samoa argued that this was not justified by the BAPA and added that the compliance procedure under the Protocol could not address obligations in the FCCC.

**ESTABLISHMENT AND STRUCTURE:** Parties discussed establishment and structure of the compliance body, as contained in the Co-Chairs’ proposals, on Tuesday and Wednesday, 5-6 September, and as contained in the Co-Chairs’ text on Tuesday, 12 September. The EU expressed its preference for: one body with two branches; a powerful Chair; enforcement measures applying only to Annex I countries; and facilitative measures applying to the obligations of all Parties. South Africa, on behalf of the G-77/China, noted preference for one body with two branches subject to certain conditions, including that the enforcement branch apply only to Annex I countries, and the composition of both branches reflect equitable geographic distribution. With the US, she underlined the need for certainty and due process, and, with the Russian Federation, opposed the EU proposal for a powerful Chair. The US accepted the proposed structure of one body with two branches and supported focus on commitments rather than on Parties. Switzerland proposed a single body performing both functions, but with a screening panel that would determine the procedure to be



followed in each case. The Russian Federation and Japan, opposed by Samoa, preferred consecutive rather than parallel functions, with the facilitative stage preceding enforcement.

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 preferred the branches to have different expertise corresponding to their functions – a technical team for facilitation and a legal team for enforcement. China, Saudi Arabia, Japan, the Russian Federation, Brazil and Switzerland opposed this division. Australia, the US and New Zealand supported legal expertise for the enforcement branch, but with access to technical expertise, when required. The US, with Canada, Australia and New Zealand, suggested that where members from one branch participate in the work of the other, it be on a non-voting basis. 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 Brazil, Chile, Saudi Arabia, Qatar 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). Samoa said Article 3.14 should be addressed within a strengthened facilitative process. Saudi Arabia, with the Russian Federation and Venezuela, but opposed by Canada, Australia and New Zealand, supported text referencing Protocol Article 18 (non-compliance) in the establishment of the compliance committee. The EU, with Japan, Canada, New Zealand, Australia and the US, recommended that the options on the compliance committee's composition be kept open. With Japan and Canada, she said the enforcement branch should be able to impose facilitative consequences.

**PROCEDURES:** Parties discussed procedures of the compliance body in the context of the Co-Chairs' proposals on Thursday and Friday, 7-8 September, and in the context of the Co-Chairs' text on Wednesday, 13 September. On the submission of questions to the compliance body, the G-77/China said questions of compliance could be raised by a Party with respect to itself or another Party. Australia, opposed by Samoa, said that a Party should not be able to raise questions with respect to another Party. The US said a Party should be able to refer questions with respect to another Party's compliance only to the facilitation branch. The G-77/China, opposed by New Zealand, supported a role for the COP/MOP. The EU, opposed by China, supported a role for the Secretariat.

On the preliminary examination of questions, the G-77/China said functions at this stage should include ensuring that the question is supported by sufficient information and is not *de minimis*, and directing the case to a particular branch. She said this task should be undertaken by a plenary of the compliance committee. The UK said the screening process should simply be an organizational stage to ensure that the relevant branch receives the case. He suggested creating a bureau of the compliance committee consisting of two members, representing the enforcement and facilitative branches, to perform this function. The Russian Federation suggested that all questions go automatically to the facilitation branch. The US said there

should be two functions, one related to allocation and the other to substance. The allocation function would be performed by a bureau of the compliance institution, and the substantive screening, which would be necessary only for cases referred to the enforcement branch, would be undertaken by the enforcement branch.

With respect to the procedures for further handling of questions, the G-77/China said procedures relating to decision-making, participation, conflict of interest and information sources should be equally applicable to both branches. The US suggested having two separate and complete procedures. Samoa and the US said the enforcement branch could address specific provisions and the facilitation branch could have broad jurisdiction. Brazil, opposed by Australia and the Russian Federation, supported distinguishing between facilitation available to Annex I and non-Annex I Parties.

On appeals, the EU, Micronesia and Samoa, opposed by New Zealand, doubted their necessity, since it would delay the process and merely afford Parties the opportunity to have their case heard twice. The US, while retaining the "no appeal" option, said any appeal body should be limited to overriding decisions. Saudi Arabia suggested that the COP/MOP be the appeals body.

**CONSEQUENCES:** Parties discussed outcomes and consequences of non-compliance within the context of the Co-Chairs' proposals on Saturday, 9 September, and Thursday, 14 September. The G-77/China, opposed by the US, New Zealand and Australia, suggested differentiating between Annex I and non-Annex I Parties. The EU emphasized the role of P&Ms in compliance action plans and, opposed by Australia and Chile, advocated an open-ended list of facilitation consequences. The US said the facilitation branch should not apply mandatory outcomes. The Russian Federation highlighted concerns relating to, *inter alia*: publication of potential non-compliance; initiation by the facilitation branch of the enforcement procedure; and the calculation of excess tonnes to be deducted from a Party's assigned amount. Switzerland, of behalf of the Environmental Integrity Group, supported the following consequences: a compliance action plan, restrictions on the use of mechanisms, and a compliance fund. Australia opposed financial penalties and the issuing of cautions. With the Russian Federation, and opposed by Samoa, Palau, Micronesia and Brazil, she argued against binding consequences.

**OTHER PROVISIONS:** Parties considered adoption in the context of the Co-Chairs' proposals on Saturday, 9 September, and Thursday, 14 September. The US outlined three options: the COP recommends to the COP/MOP that the attached decision be adopted; the COP recommends to the COP/MOP that the attached decision be included in the decision on the second commitment period; or the COP adopts a legal instrument that enters into force at the same time as the Protocol. The EU presented two options: adoption of a decision by COP-6 that would have immediate interim effect, accompanied by a recommendation to COP/MOP-1 to adopt an identical instrument; or adoption of a legal instrument that would enter into force at the same time as the Protocol. Parties supported different options based on their positions on the need for binding consequences.

**REPORT OF THE JOINT WORKING GROUP:** On Friday, 15 September, the JWG considered and accepted the report on its work during SB-13. The report (FCCC/SB/2000/CRP.10) was adopted by the joint SBI/SBSTA on Friday, 15 September. In its report, the JWG, *inter alia*, requests the Co-Chairs to further develop the text on compliance (FCCC/SB/2000/CRP.10/Add.1) to serve as a basis for negotiations, along with inputs from Parties, at the second part of SB-13.



### ACTIVITIES IMPLEMENTED JOINTLY

At the SBSTA-13 Plenary on Monday, 11 September, the Secretariat presented a report on activities implemented jointly (AIJ) under the pilot phase indicating the need for, *inter alia*, better regional and technical distribution of projects, improved quality of reporting, and strengthened capacity in host countries. It noted that a revised uniform reporting format was available. China, with Saudi Arabia, Egypt and Tunisia, highlighted the need to extend the pilot phase and ensure greater geographic balance in projects. With the US and Canada, he suggested that the revised uniform reporting format be discussed at SBSTA-14. Hungary suggested that the AIJ experience should be used to implement JI, and the EU said it could be used to elaborate the CDM Reference Manual. She added that crediting for projects should only be possible after the Protocol comes into effect.

On Friday, 15 September, the SBI/SBSTA adopted a decision (FCCC/SBI/2000/L.2) deferring further discussion on AIJ and the revised uniform reporting format to SBSTA-14.

### MECHANISMS

Delegates discussed issues and heard presentations on the Protocol mechanisms in workshops during the pre-session week, at a joint SBI/SBSTA session on Monday, 11 September, and in subsequent contact group meetings. Based on the discussions and on written submissions on the Chairs' consolidated text on principles, modalities, rules and guidelines on mechanisms (FCCC/SB/2000/4), a revised consolidated text was drafted and distributed in four volumes on Friday, 15 September (FCCC/SB/CRP.14/Add.1 – Volumes 1-4).

**CLEAN DEVELOPMENT MECHANISM:** On Monday, 4 September, the Secretariat gave a presentation on the proposed CDM Reference Manual and on accreditation. Saudi Arabia highlighted the political nature of CDM-related decisions, urged that decisions on baselines be undertaken by the COP/MOP, and expressed reservations about the need for a Reference Manual. Brazil, with Colombia, South Africa, China and Morocco, said decisions on baselines should be taken by a politically appointed body, such as the Executive Board (EB). China, with the US, expressed preference for a single worldwide accreditation body. The Republic of Korea highlighted additionality and questioned whether the Manual would be a compilation of COP/MOP and EB decisions, or would include technical advice. The US supported the Manual serving as a repository of decisions, while the EU urged that it be of a technical nature. The EU suggested that the role of the EB lies in the accreditation and random checking of Operational Entities. The Philippines expressed concern at agreeing on the form of the Manual before agreeing on the substance of its content. She sought clarity on the certification of project activities and emissions reduction.

On Tuesday, 5 September, Chair Kok Kee Chow (Malaysia) gave a presentation on the institutional issues relating to the CDM. On the role of the COP/MOP, South Africa, supported by Samoa, identified an overlap in the functions assigned to the COP/MOP, the EB and the compliance body. Samoa, supported by the EU, reminded Parties of the agreement at Kyoto that the COP/MOP would not deal with routine CDM concerns. With the US, she stressed the need for technical expertise in the EB. The EU envisaged a variety of functions for the EB, including: issuing Certified Emission Reductions (CERs); registering projects; and addressing issues related to accreditation of Operational Entities.

Discussion on text on the CDM in the draft consolidated text commenced on Saturday, 9 September. Australia, Canada, Japan, and Norway underlined the need for a prompt start. Saudi Arabia highlighted legal difficulties with a prompt start, and suggested expanding the AIJ pilot phase to accommodate this. The EU and Switzerland said the CDM should commence immediately after COP-6 on a permanent rather than interim basis. The Africa Group proposed a stand-alone decision on interim arrangements. Parties differed on the use of a positive list of CDM projects.

On Tuesday, 12 September, delegates reviewed the draft decision on the CDM. Japan said any requirements on financial additionality should not result in diversion of ODA. The US emphasized that revisions to the modalities, procedures and guidelines be made by consensus. The G-77/China highlighted the need to distinguish between additionality and baselines, and emphasized reference to funding additionality. The EU, opposed by the G-77/China, proposed that the COP invite the IPCC to prepare guidelines for baselines. On the COP/MOP rules, Norway and the US emphasized that institutional responsibilities be part of the COP-6 decision. On the EB, Norway, Canada, Japan and the US, opposed by the G-77/China, highlighted a role for the EB in determining new baseline and monitoring methodologies. On participation, Parties disagreed on the need for text relating to: projects proposed, developed, financed and implemented by non-Annex I countries; conditions on non-Annex I participation such as the fulfillment of commitments under FCCC Article 12 (communication of information); and certain eligibility criteria for transfers and acquisitions under Protocol Article 3 (commitments).

On Wednesday, 13 September, delegates considered the text on modalities and procedures for a CDM. Japan, Honduras and several Latin American Parties, opposed by Tuvalu, proposed deleting the list of requirements for project activities. The Africa Group urged equitable geographic distribution of CDM projects. Canada highlighted difficulties in implementing various forms of additionality other than environmental additionality.

On the linkage between CDM and LULUCF, Brazil, with the G-77/China, argued that CDM discussions be contingent on decisions in the LULUCF contact group, and objected to a proposed presentation by the Secretariat on this issue, and to a question-and-answer session by the Chair. Australia, the US, Japan, Switzerland, and New Zealand expressed concern with this objection. This issue was also addressed on Thursday, 14 September, in a separate meeting under the LULUCF Group (see section on LULUCF).

**EMISSIONS TRADING:** On Wednesday, 6 September, the Secretariat gave a presentation on liability options for emissions trading. The US, New Zealand, Canada and Australia stressed the role of the private sector and the advantages of issuer liability. Switzerland highlighted concerns with overselling, cautioned against relying solely on seller liability, and emphasized support for "units in surplus to plan." The EU presented an option representing a mix of shared and acquiring party liability. The G-77/China supported surplus units, and emphasized the importance of nature and scope, supplementarity, and the precautionary approach.

Parties continued deliberations on the consolidated text on Thursday, 14 September. On the draft decision, the EU, Japan and Norway questioned the need for text on principles. The G-77/China, with Brazil, Samoa and Jamaica, and opposed by the US and Canada, said assigned amounts (AAs) were fixed. Chair Chow gave a presentation on AAs. Samoa questioned whether parts of AAs (PAAs) could be



held by allocated legal entities or only by sovereign States, and suggested that the issue of legal entities participating in emissions trading be addressed in the appendix on domestic systems. She added that if legal entities were allowed to participate, the process must be transparent. On the modalities of operation, the G-77/China, opposed by Canada, questioned whether Parties could transfer PAAs that remained unused because of factors other than P&Ms, such as economic recession. Canada, opposed by the G-77/China and EU, suggested withdrawing the appendix on elaborating guidelines on national systems relating to AA units and/or PAAs. On the share of proceeds, the US proposed that the group on guidelines address this.

**JOINT IMPLEMENTATION:** On Thursday, 7 September, Parties reviewed the draft decision on guidelines for implementation of Protocol Article 6 (JI). AOSIS, opposed by Norway, Poland and Canada, proposed removing reference to these being guidelines. Parties were unable to agree on whether to retain text relating to equity, comprehensiveness, transparency, climate change effectiveness, fungibility, and sharing of proceeds.

Parties continued discussions on Friday, 8 September. On the COP/MOP, Japan, Canada, the US and Poland reiterated preference for existing Article 6 provisions. The G-77/China urged the same rigor for JI as for CDM. On participation, the EU referred to its two-track approach, which relates to the transfer of emission reduction units, in terms of which Parties complying with a set of identified preconditions may follow a more simplified procedure for transfer. The US and Norway expressed interest in the proposal, with caveats. On monitoring, the EU, supported by several Annex I countries, proposed an option consistent with its two-track approach. Saudi Arabia, supported by Canada, bracketed reference to the CDM Reference Manual. On supplementarity, the EU, G-77/China and Hungary emphasized domestic action as the primary means to fulfill commitments. Saudi Arabia, with the Africa Group, suggested a cap of 25-30%. The EU elaborated on two formulae: for a ceiling on net transfers and for a ceiling on net acquisitions. The US and Canada emphasized concerns with quantitative caps.

**CONCLUSIONS ON MECHANISMS:** On Friday, 15 September, the SBI/SBSTA adopted draft conclusions on mechanisms (FCCC/SB/2000/CRP.14). In these conclusions, the SBI/SBSTA: notes the progress made in implementing the work programme on mechanisms; agrees to forward to the second part of SBSTA the revised consolidated text; and invites the Chairs of the subsidiary bodies to further consolidate the text, in consultation with Parties. Saudi Arabia said it was willing to accept the conclusions on the understanding that further consolidation will not eliminate any proposals by Parties. He said that the Parties need to decide themselves whether or not to retain their proposals. The G-77/China urged that the consultations with the Parties be undertaken in a transparent manner, and said consolidation of the text implies further refinement without any of the proposals being discounted in any manner.

### CAPACITY BUILDING

This issue was considered in informal meetings from 4-9 September and subsequently by the SBI on 12 September. A contact group, co-chaired by SBI Chair Ashe and Jukka Uosukainen (Finland) met from 11-15 September.

**CLIMATE DEVELOPMENT INITIATIVE (CDI):** On 4 September, delegates convened in regional group meetings to hear presentations and discuss conclusions on the CDI regional reviews.

The group on Small Island Developing States considered ways to advance the process, noting that interim actions could be taken at the regional level to address immediate needs already identified. The Asia-Pacific meeting discussed the report's focus on the need to, *inter alia*: strengthen existing networks of regional and national experts and institutions offering training; consider the specific social and cultural context in technology transfer; and ensure that capacity development is country-driven. Participants in the African meeting expressed concern with the process of developing the regional reviews, and called for more time to consider the report. The Eastern Europe and Central Asia group highlighted, *inter alia*, a short-term project-based and long-term systematic approach to capacity building, and regional diversity. Participants in the Latin America and Caribbean Group emphasized the lack of negotiating capacity, which is affected by rapid rotation of diplomatic staff, and the need for financial resources for countries to manage their own capacity-building priorities.

On Wednesday, 6 September, delegates discussed the CDI and its next phase with GEF and UNDP representatives. Delegates discussed the source of funding for the GEF's CDI. They questioned its value as a separate initiative, noting that much of what had been raised through this process had been previously elaborated in COP decisions.

**ECONOMIES IN TRANSITION (EITs):** Informal meetings on capacity building in EITs were held from Wednesday, 6 September, to Thursday, 14 September. Delegates discussed a draft framework for capacity building in countries with EITs. During the discussion, the US, with Hungary, suggested that capacity building focus on implementation of the FCCC and Protocol, rather than sustainable development. Clarity was sought on references to timeframes and benchmarks, and whether support for technologies constituted capacity building.

On implementation, several Parties emphasized the need for EITs to provide an enabling environment. They highlighted the need for, *inter alia*: the framework to provide a clear basis for action; a results-based approach to capacity building to ensure its effectiveness; consideration of past and present activities; elaboration of mutual responsibilities; and consistency between any additional reporting obligations with the guidelines of national communications. On 11 September, Slovenia introduced a proposal for a draft decision, which calls for a prompt start to capacity building in EITs, and a COP decision to initiate the creation of the framework for capacity building.

On 14 September, delegates considered a revised draft of the text. Among the issues raised in discussing the draft framework was the need to elaborate one formulation regarding implementation of the FCCC and Protocol and to clarify how information will be provided to enable the COP to review progress in implementing the framework. Following extensive discussions, a number of paragraphs in the draft framework were bracketed, including several references to the Protocol.

On Friday, 15 September, delegates adopted the conclusions of the joint SBI/SBSTA session, which agree to further consider, at the second part of SB-13 in November, the proposed draft decision on capacity building in economies in transition (FCCC/SB/2000/CRP.13/Add.2) with a view to recommending a decision for COP-6 adoption.

The proposed draft decision for capacity building in EITs calls on the COP to, *inter alia*:

- adopt the framework with immediate effect;
- invite Annex II Parties and EITs to provide information to enable the COP and its subsidiary bodies to monitor progress in the



implementation of the framework;

- urge Annex II Parties through the multilateral agencies, including the GEF CDI, and other bilateral agencies and the private sector, to ensure financial resources and technical support required for the implementation of the framework; and
- further urge multilateral and bilateral agencies to coordinate in providing streamlined and expedited approaches to financing and supporting the implementation of the capacity-building framework.

**DEVELOPING COUNTRIES:** Participants began consideration of draft text on capacity building in developing countries on Thursday, 7 September. They subsequently considered the revised draft briefly on 14 September and informally on 15 September.

In discussing the draft framework, delegates highlighted the need to, *inter alia*: ensure consistency with the capacity building aspects of other discussions on technology transfer and adaptation; draw lessons from existing activities; establish an appropriate enabling environment for capacity building; mobilize and strengthen existing regional and sub-regional institutions; provide good guidance to the GEF; and take into account past actions and develop coherence with present activities in order to define those that will support FCCC implementation.

AOSIS said capacity building was a dynamic and iterative process that would be augmented by experiences from implementing other aspects of the FCCC. She said the needs assessment should not be used as an excuse to delay action on those needs that have already been identified. A proposal for a draft decision on capacity building by the G-77/China was not discussed in the contact group due to time limitations.

On Friday, 15 September, delegates adopted the conclusions of the joint SBI/SBSTA session, which agree to further consider, at the second part of SB-13 in November, the proposed draft decision on capacity building in developing countries (FCCC/SB/2000/CRP.13/Add.1) with a view to recommending a decision for COP-6 adoption.

Bracketed text in the draft decision for capacity building in developing countries include paragraphs calling on the COP to:

- decide that the framework shall guide all capacity building activities related to the implementation of the Convention and the Kyoto Protocol; or decide to give immediate effect to the implementation of the framework in order to assist developing countries to implement the Convention;
- request the GEF to provide financing to implement their capacity building activities under each area of the Convention and include in its report to the COP at each session, information on the financing and implementation of capacity building activities conducted under the framework;
- decide to review the progress in implementing the decision at each session; and
- decide to establish a special LDC fund to support and promote effective implementation of the Convention and Kyoto Protocol, and the Convention processes within the time frame specified in the framework.

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

SBI Chair Ashe opened the final joint SBI/SBSTA meeting on Friday evening, 15 September. Parties expressed their appreciation to the French Government and the city of Lyon for hosting SB-13.

Nigeria, on behalf of the G-77/China, expressed disappointment that more progress had not been achieved at this critical session in Lyon. He asked whether developed countries intended to accommo-

date the priorities of developing countries. He called for transparency in negotiations, and insisted that each Party at COP-6 be involved in the decision-making process.

Vanuatu, speaking for the LDCs, noted that this group had only established itself recently. He called on all developed countries to implement their FCCC obligations, and requested that a workshop be organized for LDCs to focus on key issues in the lead-up to COP-6. In response, FCCC Executive Secretary Cutajar said that funding was available to comply with this request, although the issue of timing would have to be addressed. He suggested that the workshop either take place in October or immediately prior to COP-6. He also drew delegates' attention to the fact that there had been a number of recent ratifications of the Kyoto Protocol, meaning more than half of the 55 countries required to ratify in order for the Protocol to enter into force had now done so. Saudi Arabia and Brazil expressed support for recognizing the needs and situations of LDCs.

The Union of Industrial and Employers' Confederations of Europe (UNICE), speaking on behalf of the business community, highlighted that actions taken by business and industry would be fundamental to Parties achieving the commitments agreed to in Kyoto. Regarding the mechanisms, he suggested: keeping the process and procedures for the project-based mechanisms clear and concise; minimizing transaction costs; not limiting the eligibility and use of any technologies in implementing the Protocol; and ensuring there are no limits, ceiling or share of the proceeds type fees apart from in the CDM. He expressed concern at the lengthy texts currently before SB-13 that contained many unresolved issues, and at the significant work required for a successful outcome for COP-6.

The Indigenous Peoples' Group noted that there are 350-400 million who identify themselves as indigenous peoples. He expressed opposition to the use of sinks in the CDM, suggesting it would result in a violation of the rights of indigenous peoples. He said negotiations must involve full participation of indigenous peoples.

Following these statements, the Secretariat announced informal consultations during the intersessional period prior to COP-6 relating to:

- Protocol Articles 5, 7 and 8 (6-8 October, Bonn);
- LULUCF (9-11 October, Viterbo, Italy);
- compliance (12-14 October, New Delhi);
- mechanisms (16-18 October, New Delhi); and,
- adverse effects (tentatively scheduled for 19-22 October, Geneva).

SBI Chair Ashe noted that participants had worked very hard, narrowing differences and producing negotiating texts on most issues that he hoped would pave the way for a set of decisions at COP-6. However, he also drew attention to the considerable amount of work remaining in the lead-up to COP-6, and at COP-6 itself. He hoped that results achieved in November would trigger ratification of the Protocol and further strengthen implementation of the FCCC. He informed delegates that SB-13 would resume in The Hague, and suspended the meeting at 10:45 pm.

#### **A BRIEF ANALYSIS OF SB-13**

##### **SB-13: HAVE WE TRAVELLED FAR ENOUGH?**

At the end of two weeks of intense deliberations, delegates and observers may have good cause to feel concerned. Political positions on the key issues remain entrenched, with little indication of willingness to compromise or move forward. Some might argue that this was



never the meeting's aim, suggesting that its core purpose was to develop negotiating text and narrow differences on technical matters. But even on this more limited objective, progress was patchy. While such text emerged on the key elements of the BAPA – mechanisms, compliance, adverse effects, technology transfer, LULUCF and policies and measures – all of these documents remain riddled with brackets. In some cases negotiations almost ground to a halt, indicating an apparent unwillingness of Parties to make even relatively minor concessions. With only eight weeks remaining, and with many technical and political questions needing to be resolved, observers are beginning to question whether COP-6 will succeed.

The timing and location of the meeting was ironic. While French Prime Minister Jospin's presence at SB-13 suggested some political commitment to making progress on climate change, his concessions in lowering taxes in response to the French fuel protests, which coincided with this meeting, highlight the political difficulties in implementing effective climate policies.

### **MECHANISMS – RUNNING OUT OF GAS?**

Progress on mechanisms was disappointing. Parties arrived at SB-13 with a 125-page text, and departed with a 200-page text and an assurance that they will be able to make further submissions prior to COP-6. The battle lines remain drawn on issues such as “supplementarity,” an issue that has plagued the mechanisms discussions since their inception. While the EU and G-77/China are in favor of quantitative caps and domestic action, the Umbrella Group (an informal alliance of like-minded developed countries, including Australia, Canada, Japan and the US) is against this, citing the power of the market to determine the appropriate balance. In a similar vein, the role of legal entities in emissions trading, and the need to build in appropriate safeguards to ensure proper accounting, has come in for heated debate.

One particularly crucial area of disagreement and controversy, however, remains the issue of including sinks in the CDM. There is little movement on this issue, whether between or within negotiating groups or even within the NGO community. Some Parties, including the EU, Tuvalu, Samoa, China and Jamaica, are in favor of excluding sinks from the CDM. The concerns about uncertainty, leakage and non-permanence, if realized, could contribute to making a mockery of the Kyoto targets, yet sinks could offer the potential for contribution to sustainable development in some developing countries, while focusing efforts on carbon sequestration. The outcome at COP-6 on this issue will largely depend on the political initiative taken at the Ministerial consultations slated for early October, where LULUCF in general, particularly sinks under the CDM, is expected to be at the top of the agenda.

### **CRUISING ON COMPLIANCE**

The Joint Working Group on Compliance made steady progress, producing a streamlined text for further negotiation, and winning the Group kudos for its work. However, fundamental issues remain unresolved. It remains unclear whether the compliance system will apply only to Protocol commitments or also to commitments “referred to” in the Protocol (namely FCCC commitments), whether the compliance system can apply to outcomes with binding consequences, and whether the compliance committee will have equal representation from the five UN regional groups or predominantly from Annex I countries. The work in the compliance group is intricately linked both to the work in the mechanisms group and to the group on Articles 5, 7 and 8. The stronger the compliance system, the more ambiguous the

provisions relating to the mechanisms are likely to be, and vice versa. The work of the Article 5, 7 and 8 group feeds into the compliance group. While most of the technical issues are easy to settle, certain issues such as those relating to the determination of the entity charged with identifying first order compliance problems and the composition of Expert Review Teams are seen as more controversial. No decisions will be taken in any one of these groups without clear reference, both technical and political, to the work of the other groups.

### **FUELING THE DEBATE ON LULUCF**

This group produced a slim Co-Chairs' text on elements under Article 3.3 (afforestation, reforestation and deforestation) and 3.4 (additional activities) setting out the choices Parties will have to make at COP-6. Once again, crucial issues are yet to be resolved, including those regarding accounting systems. Views range from those of the G-77/China and the Environmental Integrity Group, which are opposed to crediting natural uptake of carbon in terrestrial systems and corresponding smaller actual emissions cuts in Annex I countries, to those of Japan, which favor factoring in such effects. The integrity of the Protocol targets hinge on which and how much of the additional activities under Article 3.4 will be eligible, and how and if such activities are to be phased-in or discounted for.

### **POLICIES AND MEASURES – SPLUTTERING TO A HALT**

This is a key issue for the EU, which at SB-13 urged the establishment of a “consultative process” to promote information exchange and experience on P&Ms, facilitate cooperation between Parties, and contribute to the assessment of demonstrable progress. By the end of the second week, a draft decision supportive of its stance had been weakened and heavily bracketed by the Umbrella Group and Saudi Arabia, the former by deleting any meaningful reference to demonstrable progress, and bracketing the list of measures aimed at improving the transparency, effectiveness and comparability of P&Ms, and the latter by insisting on a role for OPEC regarding P&Ms. The EU again appeared to be unable to successfully defend its position, leading one observer to comment that “what was once a cornerstone in the climate negotiations has become a symbol of the crisis in international cooperation on climate change.” According to some, the apparent inability of the EU to negotiate effectively in this sphere means that this issue may be the only one that is easily resolved at COP-6.

### **WAITING IN LINE - “DEVELOPING COUNTRY ISSUES”**

Most observers believe that an effective outcome at COP-6 will lie in the resolution of what they describe as “developing country issues” – adaptation, capacity building and technology transfer. As key elements of a package deal, satisfactory movement on these issues could render developing countries amenable to striking deals elsewhere.

Texts were produced on technology transfer and capacity building, but they are riddled with brackets. Some observers had hoped for a resolution on capacity building at SB-13 as a confidence-building measure paving the way for a constructive atmosphere at COP-6. However, this was not to be. Several Annex I countries continued their focus, both in capacity building and technology transfer, on “needs assessment,” which appeared to tip the balance of responsibility to developing countries. The G-77/China lost its patience, insisting that the LDCs and AOSIS had identified their needs and urged immediate action, rather than repeat assessments and reviews that will continue to delay implementation.



The GEF's performance in serving the Conference of the Parties also provoked criticism. The G-77/China suggested that the GEF had exceeded its mandate as its new Capacity Development Initiative had not sought guidance from the COP and was yet another solution "imposed" on developing countries. Saudi Arabia's insistence on creating a new fund with what many perceived as "unreasonably high" designated sums of money further stalled constructive dialogue. Needless to say this was met with a frosty reception from developed countries.

As with capacity building and technology transfer, the substantive movement on adverse effects was minimal. The entire negotiating text remains bracketed. Disagreement focused mainly on issues of funding. Although some oil exporting countries continue to push hard for "compensation" for the impacts of response measures, this remains fundamentally unacceptable to Annex I Parties, even though they, in principle, support adaptation as an important element of the FCCC process. However, even relatively less controversial developing-country requests for the establishment of national and regional observation and research centers and programmes on climate change, as well as a fund for climate-related disaster relief, were not met with encouraging responses from the Annex I Parties.

#### **TAXING TIMES ON THE ROAD TO COP-6**

SB-12 and 13 demonstrated Parties' willingness to make some progress on technical issues, such as guidelines under Articles 5, 7 and 8, and set the stage for the intense negotiations expected at COP-6. The question remains, is this progress sufficient?

The likely impact of new negotiating groups at COP-6 is unclear. The establishment of the LDC Group indicates that LDC interests are not been adequately reflected, while the announcement of the Environmental Integrity Group (Mexico, Republic of Korea and Switzerland) reflects their sense of exclusion during 11th hour negotiations at previous COPs. While this splintering of traditional negotiating groups may help to raise the profile of a wider range of interests and generate a sense of inclusiveness and transparency, there is also the risk that it may further complicate the negotiating process.

The anticipated visibility of environmental NGOs at The Hague, and their pressure to generate a positive outcome by shaming Parties to produce results, is counterbalanced by the recent evident unwillingness of the public to reduce their addiction to fossil fuels.

With so many issues still to be resolved, much rests on the shoulders of the incoming President of COP-6, Jan Pronk (Dutch Minister of Spatial Planning and the Environment). Boasting a background in international development issues, commentators suggest this may help him bridge the North-South divide and broker a deal in the days to come. The hectic schedule of consultations and diplomacy in coming weeks could generate the necessary momentum for a strong outcome at COP-6. But with so many unresolved issues and entrenched positions, the outcome is now anybody's guess.

#### **THINGS TO LOOK FOR BEFORE COP-6**

**LAND USE, LAND-USE CHANGE AND FORESTRY – THE ROAD TO COP-6:** This meeting will be held in Joensuu, Finland, from 25-28 September 2000. Specific themes will include: carbon accounting rules, baselines and additionality; the selection of forestry and land-use activities under Article 3.4; and other issues relevant to

COP-6. For more information, contact: Kimberly Robertson, Institute of Energy Research, Austria; tel: +43-316-876-1330; fax: +43-316-876-1320; e-mail: kimberly.robertson@joanneum.ac.at; Internet: <http://www.joanneum.ac.at/iea-bioenergy-task25/>

**NATIONAL COMMUNICATIONS SUPPORT PROGRAMME WORKSHOPS FOR NON-ANNEX I PARTIES TO THE FCCC:** Launched by UNDP and UNEP in cooperation with the FCCC Secretariat, this programme provides technical support for the preparation of initial national communications under the FCCC. Four regional workshops remain under the 2000 work programme:

- Asian Regional Workshop (26-29 September in Kuala Lumpur, Malaysia);
- Europe and CIS Regional Workshop (10-12 October, Yerevan, Armenia);
- Arab States Regional Workshop (5-7 November, Cairo, Egypt); and
- South American Regional Workshop (12-14 December, Asunción, Paraguay).

For more information, contact: Rebecca Carman, National Communications Support Programme, UNDP-GEF, New York; tel: +1-212-906-6928; fax: +1-212-906-6568; e-mail: [rebecca.carman@undp.org](mailto:rebecca.carman@undp.org); Internet: [www.undp.org/cc/](http://www.undp.org/cc/)

**FCCC INFORMAL CONSULTATIONS:** The FCCC Secretariat has announced informal consultations during the intersessional period relating to:

- Protocol Articles 5, 7 and 8 (6-8 October, Bonn);
- LULUCF (9-11 October, Viterbo, Italy);
- compliance (12-14 October, New Delhi);
- mechanisms (16-18 October, New Delhi); and,
- adverse effects (tentatively scheduled for 19-22 October, Geneva).

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

**EARTH TECHNOLOGIES FORUM:** This meeting, organized by the Alliance for Responsible Atmospheric Policy, will be held in Washington, DC, from 30 October – 1 November 2000. Both ozone and climate change issues will be discussed. For more information, contact: Alliance for Responsible Atmospheric Policy; tel: +1-703-243-0344; Internet: <http://www.earthforum.com/>

**NATIONAL AND REGIONAL CLIMATE CHANGE IMPACT ASSESSMENTS IN THE FORESTRY SECTOR:** This meeting will be held in Potsdam, Germany, from 10-13 November 2000. For more information, contact: Marcus Lindner, Potsdam Institute for Climate Impact Research, Telegrafenberg, P.O. Box 601203, D-14412 Potsdam, Germany; tel: +49-331-288 2677; fax: +49-331-288-2695; e-mail: [lindner@pik-potsdam.de](mailto:lindner@pik-potsdam.de); Internet: <http://www.pik-potsdam.de/welcome.html>

**SIXTH CONFERENCE OF THE PARTIES TO THE FRAMEWORK CONVENTION ON CLIMATE CHANGE:** FCCC 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.int](mailto:secretariat@unfccc.int); Internet: <http://www.unfccc.int/>