



UNFCCC COP-6 PART II HIGHLIGHTS WEDNESDAY, 18 JULY 2001

Delegates to the resumed Sixth Conference of the Parties to the UNFCCC met in negotiating groups in the morning, afternoon and evening to continue their discussions on: financial issues; mechanisms; land use, land-use change and forestry (LULUCF); and compliance.

Editor's Note: When officially requested, and as a matter of policy, the Earth Negotiations Bulletin does not directly attribute statements made by governments in informal or closed negotiations.

NEGOTIATING GROUPS

MECHANISMS: The mechanisms group met in the morning and afternoon to identify and discuss the unresolved technical and political issues. Co-Chair Estrada raised the possibility that finalizing agreement on the appendices (relating to various "administrative" elements for implementation of the mechanisms) could be left for negotiation at COP-7. A number of developing and developed countries opposed this, emphasizing the importance of the appendices for issues such as a prompt start of the CDM.

Co-Chair Estrada identified six "technical issues" that should be resolved by the negotiating group: environmental impact assessments; public participation; baselines; small-scale projects in the CDM; certified emissions reduction (CER) transactions; and mechanisms' eligibility and the verification procedures that may be used in terms of track two of joint implementation (JI) projects. Informal groups were established to address these issues. Their findings will be reflected in the Co-Chairs' report to be presented to Plenary on Thursday.

Co-Chair Estrada identified a non-exhaustive list of ten "political issues" for resolution by Ministers: equity; supplementarity; nuclear in the CDM and JI; establishment and composition of a supervisory committee for verification of CERs; composition of the CDM Executive Board; level of the commitment period reserve; application of share of proceeds to all three mechanisms; the requirement that Annex I Parties' use of CERs be conditional on it being party to the compliance Agreement; unilateral CDM; and sinks in the CDM. For each issue, he proposed a short list of options that would be presented to Ministers, based on The Hague and Pronk texts.

Delegates presented their views on the various options, with diverging opinions being expressed, in particular on those regarding: nuclear in the CDM and JI; the establishment and composition of a supervisory committee; the level of the commitment period reserve; and sinks in the CDM. On this last issue, Co-

Chair Estrada ruled against a request from a group of Annex I countries that an option be included providing for all sinks project types within the CDM.

In the afternoon, delegates considered the following political issues identified by developing countries: the lack of parity between Annex I Parties under Article 4 (joint fulfillment) and other Parties; the need for special consideration for LDCs; financial additionality; and the equitable distribution of CDM projects on a geographical basis. Co-Chair Estrada proposed that clear options be presented for Ministers on Article 4, and that the remaining issues be addressed within the Co-Chairs' report to the Plenary. He ruled against a request from certain developing countries to include reference in the report to an equitable distribution fund, but undertook to raise this issue orally in his presentation to Plenary.

COMPLIANCE: On Wednesday afternoon, delegates heard a report from Chair Romero of the working group on consequences applied under the enforcement branch and the related issue of the legal basis for adoption. He said the group had identified and agreed on a list of short and specific questions for the attention of Ministers. Co-Chair Slade then submitted a Co-Chairs' Note, based on a similar format, identifying questions on the outstanding issues. He explained that the sections on consequences and legal basis for adoption were mainly based on the outcome of the working group.

On the enforcement branch consequences, a number of Parties questioned the differences between the Note and the text agreed in the working group. They suggested that the language agreed in the latter be retained. On the legal basis for adoption, delegates discussed whether the COP or the COP/MOP should adopt the decision.

On membership, several Annex I Parties said the proposed questions were drafted in a prejudicial manner, did not distinguish between the two branches, and lacked a clear presentation of the different available options. They said the first option presumed that the composition of the Compliance Committee be based on UNFCCC existing practice with regard to the bureau, and questioned the precedent-setting nature of this rule in this context. On the second proposed option, some Annex I Parties said membership should be based on the functions and mandate of the branch, rather than solely on the commitments of groups of Parties. A group of developing countries responded that the proposed text constituted a minimalist approach clearly giving the two guiding composition-options. Developing countries and a group of developed countries suggested that voting rules of compliance bodies also be addressed in the questionnaire.

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On Principles, non-Annex I Parties and several Annex I Parties proposed a question addressing whether Principles should expressly be included in the text. One Annex I Party added a question asking whether, rather than how, the principle of common but differentiated responsibilities should be reflected in the consequences of the facilitative branch. Several Annex I Parties suggested that the wording “and respective capabilities” be added.

On appeal, some Annex I Parties said the questions should be presented in a clear, neutral manner and follow a staged approach. They suggested that the first question ask whether there should be an appeal.

The Co-Chairs undertook to amend their Note, based on these comments and discussions held the previous day, and to present issues and positions in a balanced and neutral manner. The revised Note will be conveyed to Plenary and submitted under the responsibility of the Co-Chairs.

FINANCIAL ISSUES: This group met in morning and evening sessions. In the morning, delegates considered the proposals on funding and resource levels in Pronk’s text, with many Parties expressing reservations. Most Annex I Parties, opposed by developing countries, supported voluntary rather than mandatory levels of contribution, and opposed any compliance consequences/penalties.

One developed country added that levels of contributions should be set for countries collectively, not individually, and did not accept the formula for burden sharing, which calculates Annex I Parties’ financial contributions based on their share of carbon dioxide emissions in 1990. Annex I Parties also preferred building on existing institutions, with a focus on the GEF. These delegates stressed that any new institutions must add value and not duplicate the GEF’s work or mandate.

One Annex I Party said the discussion on additional funding was taking place because some Parties wished to move beyond the UNFCCC. He said this should not involve Parties that do not intend to ratify the Protocol. Another group of Annex I Parties said implementation of both the UNFCCC and Protocol requires additional funding, and insisted on the involvement of all Annex II Parties in this regard.

Developing countries stressed the need to separate UNFCCC and Protocol issues. They said President Pronk’s adaptation fund proposal is a Protocol issue. Emphasizing the polluter pays principle, they said existing UNFCCC commitments have not been fully implemented. They expressed reservations over the suggestion of a climate resources committee. A group of countries with economies in transition (EITs) opposed the text’s proposals for funding from EITs.

Parties then considered Pronk’s text paragraph by paragraph. In the preamble, several Annex I Parties called for deletion of “new and additional” funding. Several EITs proposed referring to Annex II Parties rather than Annex I Parties. Co-Chair Ashe said a Co-Chairs’ text outlining countries’ positions and the various options would be prepared for the Plenary.

The group on finance reconvened in the evening to discuss The Hague text on impact of the implementation of response measures. Co-Chair Tsering noted that with the anticipated completion of the texts on Article 3.14 and LDCs, only matters related to financial matters would be outstanding in the text on adverse effects. On support for the development of energy sources, Parties discussed at length a footnote referring to the Agenda 21 definition of “environmentally sound.” Non-Annex I Parties, opposed by several developed countries, supported keeping it. One developed country said the term is normal usage in the UN system and the sensitive nature of the issue meant it should be left without the footnote in this text.

Delegates also met throughout the day in various informal groups, making progress on texts on several relevant issues. Text on UNFCCC Article 4.9 (LDCs) was discussed in a group facili-

tated by Mamadou Honadia (Burkina Faso), while talks on Protocol Article 3.14 were chaired by Leon Charles (Grenada). Progress was made in both groups, with some brackets being removed. The group on Article 3.14 also considered certain paragraphs in the section on impacts of the implementation of response measures.

The informal group on technology transfer agreed on the title “Expert Group on Technology Transfer.” Outstanding unresolved issues include the purpose and function of the group, its terms of reference, and its composition. Co-Chair Ashe will prepare a non-paper on this issue to be made available Thursday.

LULUCF: Delegates discussed Principles governing LULUCF activities. It was noted that Principles suggested by the G-77/China and others, and appearing in The Hague text, had been integrated into operative paragraphs of the Pronk text. Many Parties argued that the Principles should be explicit and form a preamble. It was decided that Ministers would be informed that the Principles, as contained in The Hague text, have been widely accepted and should guide their further work.

In a discussion on the accounting rules under Article 3.3 contained in Pronk’s text, two Annex I Parties questioned the absence of reference to the accounting anomaly related to short rotation forests.

The EU presented its proposal on LULUCF activities, which aims at reducing their overall scale by capping Article 3.4 activities and the mechanisms respectively. The proposal does not allow LULUCF activities in the CDM, on which several Parties expressed reservations. Some Annex I Parties opposed using a discount rate and capping the mechanisms, which they said already are “heavily constrained.” A group of EITs supported a practical compromise based on a negotiated relative limit, representing a percentage of base year emissions, to Article 3.4 activities. Parties then briefly commented on the Co-Chairs’ Summary from the negotiating group to be presented to Plenary.

IN THE CORRIDORS

With the high-level ministerial meeting starting Thursday, participants have been considering the likely strategies of the key negotiating groups. While there was speculation that those committed to a “strong” Protocol would need to compromise heavily to keep the treaty alive, some non-governmental participants thought these Parties might take a different, tougher approach to “preserve the Protocol’s environmental integrity” and “shame” others into joining. However, even some veterans to the process admitted uncertainty on what the most effective strategy might be.

Meanwhile, several observers were detecting further hardening of positions among groups, pointing to the resurrection of issues such as nuclear projects in the CDM, that many thought had been resolved in The Hague. The more optimistic commentators dismissed this as merely posturing aimed at creating greater “negotiating capital” prior to the high-level talks. Self-titled “realists” are suggesting some Parties may be holding off on “playing their cards” until COP-7.

Another topic of conversation was the extent to which the G8 talks in Genoa might impact on the Bonn negotiations.

THINGS TO LOOK FOR TODAY

PLENARY: A Plenary meeting to receive the reports of the negotiating groups is scheduled to take place at 11:00 am in Plenary 1.

LULUCF: Consultations among interested Parties are scheduled to take place from 10:00 am - 1:00 pm in room Mann.

HIGH-LEVEL SEGMENT: The High Level Segment of the resumed COP-6 is set to begin with a formal ceremony at 3:00 pm in Plenary 1. Ministers and other high-level officials start their negotiations at 7:00 pm, also in Plenary 1, and are expected to continue their work until Sunday, 22 July.