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HIGHLIGHTS FROM THE MEETINGS OF THE FCCC SUBSIDIARY BODIES 28 JULY 1997

The sixth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) discussed the division of labor between SBSTA and the Subsidiary Body for Implementation (SBI) and methodological issues. SBI began consideration of the Programme Budget for 1998-99. The *Ad Hoc* Group on Article 13 discussed a compilation text on functions and procedures for any multilateral consultative mechanism (MCP). Informal groups met to hear Secretariat presentations on methodological issues and the Programme Budget.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA Chair Tibor Fargaro (Hungary) highlighted the interest in enhancing commitments under the FCCC as expressed at the UN General Assembly Special Session (UNGASS). He noted that Burundi had recently become an FCCC Party and said the Ukraine and Singapore would soon do likewise. FCCC Executive Secretary Michael Zammit-Cutajar noted that while much attention has focused on the AGBM, the other subsidiary bodies would also make positive contributions to COP-3. Each subsidiary body should strive to produce draft decisions that can be easily adopted at COP-3. He expressed concern at the slow pace of submission of national communications, which are a basic commitment and affect the Secretariat's ability to compile and synthesize information.

On the adoption of the agenda, TANZANIA, on behalf of the G-77/CHINA, reserved its position on addressing methodological issues related to joint implementation as a separate issue. CHINA proposed bracketing the item. The US requested an explanation of this action. The Chair proposed including this item under the general discussion on activities implemented jointly. Delegates agreed to consider the item under the discussion on methodological issues.

On the election of officers, Soobaraj Sok Appadu (Mauritius) was elected Vice-Chair and Alvaro Jose Rodriguez Gómez (Colombia) as Rapporteur. On the organization of work, the Chair proposed establishing informal groups to consider the division of labor between SBSTA and SBI. He also proposed establishing a group on methodological issues, to be chaired by Harald Dovland (Norway) and SBSTA Vice-Chair Appadu. Thirty-four delegations expressed interest in participating.

Division of Labor: The Secretariat introduced the document on division of labor (FCCC/SB/1997/2). The document proposes, *inter alia*, that only one subsidiary body address any particular issue and, if necessary, the other body would consider certain aspects of the issue. LUXEMBOURG, on behalf of the EU, along with JAPAN, supported the proposed approach and, with SWITZERLAND, emphasized the need for education and public awareness. JAPAN noted that the division of labor for national communications and AIJ needs clarification. The US noted that SBSTA should only refine unclear areas rather than redefine decisions.

Some delegations, including MALAYSIA, SAUDI ARABIA and IRAN emphasized the importance of technology transfer to developing countries and the need for more detailed discussions. Some disagreed with the document's proposal that SBI only address technology transfer "at some point in the future." CANADA noted that some elements are appropriate to SBSTA's expertise, while others fall outside that, such as intellectual property rights, financial mechanisms and the role of the private sector. An informal group will consider the issue.

Methodological Issues: The Chair opened discussion on methodological issues and financing by noting that an informal group would also meet in conjunction with SBSTA. He urged delegates to limit their discussion to general comments on the documents (FCCC/SB/1997/INF.2, FCCC/SBI/1997/10 and FCCC/SB/1997/INF.1) and leave detailed discourse for the informal discussions. The EU, the US and JAPAN stated that the documents were reasonable and useful. However, each group stated reservations and agreed to participate in informal discussions. The EU and the US looked forward to more discussion concerning the budget and questioned how funding should be allocated to different bodies. MALAYSIA noted the importance of methodological issues and called for an increase in the budget. CHINA called for the work to be implemented on a regional basis and stressed that this should be a priority task.

In the afternoon, the Chair called for comments on methodological issues related to crediting under prospective joint implementation. The US and the EU supported immediate discussion of this matter and said that joint implementation would be limited without resolving the issue of credits. The G-77/CHINA and the RUSSIAN FEDERATION noted that it was premature to talk about crediting. They emphasized that joint implementation is still in its pilot phase, with few projects and few countries involved. NORWAY emphasized that the issue of crediting is complex and addressing methodology alone may not be beneficial. They called for a broad examination of the issue before the specifics of methodology are considered.

The Chair called for a compromise and suggested postponing discussion of crediting until early next year in order to await the political deliberations that will take place at AGBM. CANADA noted that each COP is responsible for the review of pilot projects and was concerned that the issue of crediting was being ignored. The Chair called on the US, NORWAY, CANADA and CHINA to draft a compromise text for consideration in Plenary on Wednesday, 30 July.

National Communications: The Secretariat introduced documents on communications from Annex I Parties (FCCC/SB/1997/5) and inventory and projection data (FCCC/SB/1997/6), which delegates noted without discussion. On non-Annex I Parties, delegates agreed to await the outcome of SBI deliberations, which will address assistance.

Activities Implemented Jointly: The Secretariat introduced a document on activities implemented jointly (AIJ) under the pilot phase (FCCC/SBSTA/1997/INF.2), which contains a list of projects that have been accepted, approved or endorsed by the designated national authorities.

The EU called for establishment of a credible base line that would reflect what would have happened in the absence of an AIJ project. The calculation of the benefits should be transparent and include only those leading to genuine greenhouse gas (GHG) reductions. She noted that further work was required on technology-specific baselines and third party verification. The US noted that a considerable amount of progress on practical options can be identified and highlighted several aspects of criteria for assessing AIJ, such as monitoring and verifying results, quantification of project costs and measuring emission benefits. He underscored the need to examine links between these issues and credits. He, with CANADA, said the Secretariat's forthcoming synthesis document should begin to draw conclusions from AIJ projects. NORWAY highlighted national experience in AIJ and noted efforts to develop a portfolio of projects with a view to balancing sectors and technologies. COSTA RICA said the willingness to pay for GHG reductions through AIJ is linked to financing and stressed the need for crediting.

ZIMBABWE, CHINA, KUWAIT and MALAYSIA cautioned against forming premature conclusions on AIJ based on the pilot phase. ZIMBABWE and CHINA said it would not be possible to assess the effectiveness of AIJ by 2000. SAUDI ARABIA said many activities had been initiated to reaffirm the idea of AIJ and noted that project approval by the host government is not a sign of success because some countries lack the capacity to judge benefits. SAMOA noted that only twelve Parties, two from Annex I, were currently involved in AIJ activities. While significant opportunities for AIJ exist worldwide, few countries in the Asia Pacific region have an understanding of this issue.

Methodologies Group: An informal group on methodological issues met in the evening and heard a presentation by the Secretariat on its Methodological Work Programme. Delegates gave general views and asked questions, to which the Secretariat will provide answers at the group's next meeting. Delegates will also hear presentations from intergovernmental organizations on their activities. Delegates will then begin drafting conclusions.

SUBSIDIARY BODY ON IMPLEMENTATION

Chair Mohamed Ould El Ghaouth (Mauritania) convened SBI-6. He reminded delegates that the SBI would not meet at COP-3 and must finalize a number of recommendations at SBI-6 and SBI-7 in October. On the adoption of the agenda (FCCC/SBI/1997/7), he invited the Philippines to ask colleagues if they were also prepared for a preliminary exchange of views on proposals for amendments to the FCCC and its annexes (FCCC/SBI/1997/11). If not, the proposals will go directly to COP-3. SAUDI ARABIA, supported by KUWAIT, sought deletion of Agenda Item 9 on matters arising from UNGASS. He said there was little of substance from UNGASS to send to COP-3. The Chair noted that the item was simply for information.

On administrative and financial matters, said the budget will have to be adopted at the current session of the SBI. FCCC Executive Secretary Zammit-Cutajar introduced documentation on the programme budget for the years 1998-1999 (FCCC/SBI/1997/10, INF.1, and INF.2). He also drew attention to an informal document on the status of payments to the FCCC core budget and said the cash flow situation continued to warrant concern. He said the level of initial budget estimates had been revised downwards but would remain above the 1997 level.

He also discussed a proposal to maintain a post-Kyoto contingency fund for the management of any unanticipated process to emerge from COP-3. On the Participation Fund, he warned that some linkage may be introduced between Parties' applications for funding and the status of their contributions.

LUXEMBOURG, for the EU, introduced a formal statement on the programme budget for 1998-1999, noting continuing concern at the total amount of the budget proposals presented by the secretariat, and a proposed 50% increase overall. The statement addressed: tasks requested by SBSTA where a deficit appears in the balance between these and other secretariat activities; conference servicing; any post-Kyoto intergovernmental process; review of overhead charges; volume of documentation; budgeting for in-

depth reviews of national communications; remuneration of senior posts; the budget structure; and Convention Trust Funds. The EU proposed a contact group to take the work on the budget forward.

AD HOC GROUP ON ARTICLE 13

Chair Patrick Szell (UK) opened the last AG13 meeting before COP3, recalling that at AG13-4 some progress had been made, mainly due to the decision that AG13 should not aim to conclude its work before COP-4, pending a decision by the AGBM on the nature of the compliance regime. He noted other points of convergence and divergence at AG13-4.

The Chair called attention to the draft Multilateral Consultative Process (MCP) (FCCC/AG13/1997/2, Annex II) containing proposals on functions and procedures with a number of bracketed references. He indicated that additional submissions by Switzerland and Uzbekistan had been circulated. (FCCC/AG13/1997/Misc.2) The Agenda was adopted (FCCC/AG13/1997/2).

Temporary accreditation of NGOs and intergovernmental organizations was agreed pending a decision by COP-3. On organization of work of future sessions, the Chair referred parties to a chart contained in document FCCC/AG13/1997/3.

The Chair requested that delegations circulate amendments on the draft MCP immediately to allow for their consideration overnight. The EU circulated its proposals. Chair Szell outlined a draft decision he had prepared for COP-3 requesting provision for two more sessions of the AG13, each lasting six half-days, with the aim of completing work by COP-4. Meeting the target date would not be guaranteed.

On the scope and elements of an MCP, Chair Szell invited comments on the ordering of paragraphs in the MCP compilation text. The EU said the opening paragraph should refer to a "process" as mandated by FCCC Article 13. Reference to the establishment of a committee should follow later. The US warned against getting ahead of COP-3 and added that he was not in a position to endorse any course of action for AG13. The Chair invited comments on the first paragraph of the MCP compilation. Parties discussed: the introduction of a reference to FCCC Article 13; whether the paragraph should refer only to the establishment of a committee or to a process with a subsequent paragraph on a committee, or both; the question of whether such a committee should be "standing" or "ad hoc;" and whether a committee should report directly to the COP or to the SBI.

IN THE CORRIDORS

Delegates at an informal budget discussion differed Monday afternoon on the implications of budgetary decisions for AGBM and COP-3 deliberations. Some supported including funds for a possible post-Kyoto process within a proposed contingency budget or even including those funds in the FCCC's core budget, while others said the budget should not prejudice whether coming negotiations will establish such a process. The need for separately listing funds for Annex 1 and non-Annex 1 Parties' implementation was also questioned, but a number of delegations said the distinction in Parties' responsibilities should not be eliminated in the budget. Several delegations also expressed concerns about the apparent increase in staff and overall budget amount compared to 1997 figures and requested further information on these issues from the Secretariat.

THINGS TO LOOK FOR TODAY

SBI and AG13: Both groups are expected to meet from 10:00 am - 1:00 pm and from 3:00 - 6:00 pm. An SBI informal meeting on the budget may convene in the evening. Consult the Daily Programme.

Division of Labor Group: The group is expected to meet from 11:00 am - 1:00 pm and from 4:00 pm - 6:00 pm in the Hayden Room.

Methodologies Group: The group is expected to meet from 11:00 am - 1:00 pm and from 3:00 pm - 6:00 pm in the Koch Room.