

Article 4.8 seeks to address the concerns of developing countries arising from the adverse effects of climate change and/or the impact of the implementation of response measures, while 4.9 stipulates that Parties must take into the specific needs and special situation of developing countries in their funding and technology transfer activities. Candel's overall position was to recognize the importance of climate change adaptation efforts in vulnerable regions and support adaptation assistance; but not to support financial compensation for OPEC countries if their oil revenues diminish as a result of Annex I mitigation action to meet emissions targets. Issue became important because developing countries have indicated that they must see progress on this issue before engaging in serious negotiations of the flexibility mechanisms. Negotiations were long and protracted as Annex I countries pressed to establish an analytical framework which clearly differentiated the analytical requirements, scientific and economic, for the adaptation versus compensation component. Final COP decision recognised that there were considerable uncertainties with respect to the assessment of the adverse effects of climate change and information gaps need to be filled, using in particular information contained in national communications from Annex 1 and non-Annex 1 Parties. Basic elements for further analysis were elaborated, which will include the identification of adverse effects of climate change, impacts of the implementation of response measures; identification of the specific needs and concerns of developing countries and the identification and consideration of actions necessary, including those related to funding, insurance and the transfer of technology. A programme of work with timelines is annexed to the decision which outlines the organisation of an experts workshop whose results will be the basis for the identification of initial actions at COP5 and additional actions at COP6. Efforts to separate adaptation activities from ways to address impacts from response measures were not entirely successful. Nonetheless, result is satisfactory from a Canadian standpoint.

13. Activities Implemented Jointly: Review of Progress under the Pilot Phase: AIJ allows projects between Annex I and Non-Annex I countries, although under a pilot which does not allow crediting. Issue is linked to how and whether AIJ projects should be linked to the Clean Development Mechanism over time. It was decided that the pilot should continue to provide developing countries the opportunity to enhance their capacity building and to gain further experience. This was the major argument on the part of developing countries who felt that a review of AIJ was premature at this stage. Decision adopted states that a conclusive decision and the progression beyond, should be sought no later than 2000.

14. Developing country engagement: Two issues were to be considered by the COP: (a) review of adequacy of commitments; and (b) voluntary commitments by developing countries. Voluntary commitments was placed on the agenda by Argentina, which was seeking a "third way" or "mezzanine" for developing countries which wished to pursue emission limitation or reduction